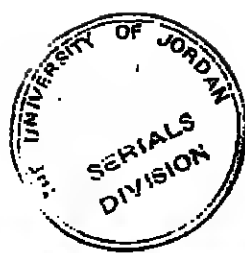


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28 PAGES 150 FILLS

Kashmir protesters shot in back

LONDON, Feb 6. (Agencies): Indian security forces who suppressed demonstrations by Muslim separatists in Jammu-Kashmir state last month searched for survivors to kill them, Amnesty International said yesterday.

The London-based human rights group, quoting witnesses' reports, said many victims,

including a nine-year-old boy, were shot in the head or body and some were shot from behind by members of the Central Reserve Police Force.

"One person told the press he saw members of the security forces searching for survivors lying on the street in order to kill them," Amnesty said in a statement. "He himself, left

for dead, was thrown into a truck together with the bodies of an unspecified number of victims, but he and four or five others survived and he later received hospital treatment."

Meanwhile, about 10,000 Indian students demonstrated along the India-Pakistan border and two bombs damaged property in

Srinagar today as tension increased following a border clash between Indian troops and Pakistani Muslims.

The Indian students, angered by yesterday's reported border crossing into India by Pakistani supporters of Muslim separatists in Kashmir, stayed out of classes and held demonstrations in several towns along the

border, shouting "Down with Pakistan," the Press Trust of India reported.

About 400 Pakistanis also demonstrated on the border of India's Jammu and Kashmir state today but did not attempt to cross, police said.

They said the demonstrations were close to the spot where more than 4,000 Pakistanis

tried to cross yesterday, prompting Indian troops to open fire.

India said its troops fired, wounding 10 people, after the Pakistanis set crops ablaze on the Indian side.

Pakistan said one man was killed. A spokesman for Pakistan's Azad (free) Kashmir (Continue on Page 2)



Cry for help

A Romanian nine-month-old baby soon to die from Aids cries in a Bucharest hospital. A total of 367 out of 1,025 babies recently tested for Aids were found to be positive with 60 per cent of them showing Aids symptoms. Doctors blame the alarmingly high

figures on low hygiene in hospitals, re-used hypodermic needles and Aids transmission during blood transfusions. Condoms had also been banned in Romania until the revolution. (Reuter wire-photo) (See Page 6)

ME peace bid derailed

Cairo on trail of Israeli bus attackers

CAIRO, Feb 6. (Agencies): Egypt confirmed today that a crucial meeting of foreign ministers of Egypt, the United States and Israel, which Cairo had hoped would take place in Geneva next week, has been postponed, but emphasised the decision was not related to an attack on a bus near Cairo that killed nine Israeli tourists and wounded 17 people, state-run Cairo radio said.

In Jeddah, Egypt's Foreign Minister Esmet Abdel-Meguid said the meeting has been postponed.

The delay is "because the current situation requires more contacts and bilateral consultations that will take some time," he said upon arrival today.

He did not say if the recent attack against the Israeli tourist bus in Egypt that left nine Israeli tourists dead scuttled the meeting that press reports said was scheduled for Sunday in Geneva.

But he did say "the incident was aimed at obstructing the peace process in the Middle East towards which Egypt, America and Israel were working."

The meeting, the object of consultations for months, was to prepare the way for the first-ever direct Israeli-Palestinian peace negotiations.

Abdel-Meguid said Saudi Arabia "has a major role in peace in the region" and added that he was in constant contact with his Saudi counterpart, Prince Saud Al Faisal "posting him regularly with first-hand information about the peace process."

The Egyptian minister warned against the immigration of Soviet Jews to Israel and denounced the recent assassination of the three Saudi diplomats in Bangkok.

Jordan's King Hussein, who is closely allied with Egypt, called earlier in the day for an urgent Arab summit conference to discuss the anticipated Soviet Jewish influx into Israel, widely condemned through the Arab world as an impediment to a Palestinian settlement.

Meanwhile, Egyptian police believe they are hot on the trail of Palestinian suspects in the killing of nine Israelis in a tourist bus ambush, security sources said today.

"We found a Jordanian passport used by one Palestinian in the area where the Peugeot was found," one source said, referring to the car used by the killers in Sunday's ambush.

"We have his picture and hope to catch him very soon," the source said.

Five of the Israelis killed in the attack died from grenade shrapnel and three from bullet wounds, a preliminary autopsy report released today showed.

A group called Islamic Jihad claimed responsibility for the attack, saying there should be no negotiations with Israel.

The Egyptian security sources said the photograph of the suspect had been circulated to police throughout the country and officers were making a nationwide check of hotels, flats, tourist companies and car hire firms.

Police were trying to trace a second Palestinian, possibly a member of the attack squad, who (Continued on Page 7)



The father of world-renowned botanist Ruhama Berliner is lifted from his wheelchair by relatives during his daughter's funeral. (Reuter wirephoto)

Israel recruiting Asian manpower to replace striking Palestinians

THE Israel Boycott Office, based in Damascus, discussed at a recent meeting Israel's recruitment of Asian manpower to counteract striking Arab labourers in the occupied territories.

Kuwait's Director General of the Public Customs Department, Ibrahim Al Ghanim, said the Boycott Office had referred the issue to the Arab League Council as the issue is purely political and must be reviewed within

this context.

Israel has been recently recruiting manpower from Sri Lanka, India and the Philippines to replace the striking Arab workers.

Ghanim said that the Israel Boycott Office cannot boycott these countries as they are not companies and at present the office could only blacklist the ships and companies carrying such workers. However, he admitted, even if

this action is resorted to, it will not be an adequate solution.

He recommended that the only solution to stop the flow of Asian labourers to Israel is to apply pressure on the Asian countries by the Arab League.

The Organization of Islamic Conference, yesterday condemned the "emigration of Soviet Jews to Israel and called for concerted Muslim action to halt it."

Killer is chip in bargain

PARIS, Feb 6. (Reuters): The French newspaper Le Figaro said today Iran had asked the United States for the release of a Lebanese political killer from a French jail as part of negotiations to free American hostages held in Lebanon.

The daily, quoted Foreign Ministry sources, said President George Bush had told French President Francois Mitterrand that Iranian negotiators had indicated the hostages could be freed if Anis Naccache was freed from his French prison.

It said Naccache's life sentence, for killing two people during a 1980 assassination attempt in Paris against former Iranian Prime Minister Shapur Bakhtiar, might be commuted to 20 years, and that he could be freed as early as next year.

"President Bush personally telephoned Francois Mitterrand to tell him of a development in the negotiations between Americans and Iranians to obtain the liberation of American hostages held by Hezbollah in Lebanon," the paper said.

Le Figaro also reported, Naccache will not be released from prison before next year despite the US request.

Aoun forces take Dbaye

Morgue overflowed

BEIRUT, Feb 6. (Agencies): General Michel Aoun's US-trained army pushed rival militiamen out of a key suburb north of Beirut today and the largest Christian hospital said its morgue has overflowed and decomposing bodies will have to be buried in a mass grave.

Police said 40 people were killed and 111 wounded in savage fighting, raising the overall toll to 340 killed and 1,300 wounded as the showdown for control of Lebanon's Christian enclave entered its second week.

Aoun's forces turned its artillery fire to a surrounded East Beirut garrison of the Lebanese Forces militia after militiamen retreated from the strategic suburbs of Dbaye. The militia, which said Dbaye was ruined by Aoun's "hysterical shelling," responded with fire on Aoun-held areas.

Western diplomats said the war for the Christian enclave could still rage for weeks.

"The destruction is horrific. It is beyond description," said a photographer in Dbaye. "I haven't seen such destruction before. If you add the 15 years of (civil) war together, the devastation is the worst ever."

Western diplomats described it as a pyrrhic victory for Aoun in his campaign to disband the LF.

"The Lebanese Forces used Dbaye as a rock on which the army smashed itself," one diplomat said.

The diplomat said they were surprised by the quality of the LF's resistance and predicted the war which erupted seven days ago would continue for several weeks.

The LF, which has 10,000 men to Aoun's better-equipped 15,000, retained control of the Dbaye tunnel on the main coastal highway linking East Beirut to the northern section of the enclave around the port of Jounieh.

The photographer said Dbaye's heavily cratered roads were strewn with burned-out tanks and vehicles. Fires raged out of control in the hulks of factories and apartment blocks.

"It is a disaster area," he said. "What I saw was catastrophic."

Military sources said Aoun's men, fighting along narrow hillside roads, had captured heights above Dbaye which gave them a clear view of Jounieh, held by the LF.

Aoun's artillery had been pounding LF barracks in Dbaye since Sunday and he intensified the barrage early today to soften up the base for a ground offensive.

Witnesses said the LF fought back and regained much territory before Aoun's Howitzers, having seized the high ground, turned the tide of battle once more.

All Beirut rocked to the concussion of shell and rocket fire aimed at Dbaye and other areas of the Christian east, particularly Ashrafieh.

Aoun's troops also tightened their noose around a major LF stronghold in En Rummaneh in the heart of the capital.

President Elias Hrawi, who has so far kept his troops out of the battle, hinted that he might change his attitude.

"I ask for your support for any endeavour or step which I might find myself forced to take to end the tragedy of the Lebanese people," he said in a statement addressed to Western and Arab leaders.

The leader of the Lebanese Forces, Samir Geagea, said the fighting was beyond imagination or reason.

What started as a war to eliminate the Lebanese Forces has become an operation to annihilate the people," he said in a statement.

Aoun's command said its troops "crushed the last pockets of resistance" of Geagea's militiamen in Dbaye from besieged strongholds in East Beirut.

Geagea's militia conceded the loss, saying its militiamen redeployed along the northern entrance of the 300-metre (yard) Dog River tunnel, north of Dbaye.

Secret service agents seeking to end a dispute between rival Lebanese factions on Friday entered the Lebanese embassy in Washington and gave control of the building to the representative of President Elias Hrawi, the State Department said on Monday.

Weather

CLOUDS will increase gradually with light to moderate southerly to northerly wind.

State of sea: Moderate

High water: 7.30 am, 11.30 pm

Low water: 4.45 am, 3.45 pm

Sunrise: 6.35 am

Sunset: 5.30 pm

Maximum temperatures recorded:

Kuwait: 17°C 63°F

Ahmad: 15°C 59°F

Falaka: 15°C 59°F

Minimum temperatures recorded:

Kuwait: 4°C 39°F

Ahmad: 2°C 36°F

Falaka: 2°C 36°F

Maximum temperatures expected:

Kuwait: 15°C 59°F

Ahmad: 14°C 57°F

Falaka: 14°C 57°F

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Falaka: 96 per cent

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Details inside page

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Indians shell Lanka villages

COLOMBO, Feb 6, (Reuters): Indian soldiers fired mortars at two villages in Sri Lanka's northern Jaffna district injuring some civilians, a state-run newspaper said today.

The Observer said the Indian force shelled Kokkivil and Kondaivil villages on Monday evening and civilians had to run under concrete roofs for shelter.

"Informed sources in Jaffna said the shellings were unprovoked and went on for almost an hour... some civilians suffered minor injuries," the paper said.

An Indian High Commission spokesman in Colombo said he was not aware of such incidents. Residents in Jaffna could not be contacted by telephone.

Indian troops, sent to Sri Lanka in 1987 to quell a separatist revolt by the minority Tamil community, are withdrawing from Jaffna as part of a phased pullout.

India has said 23,000 soldiers still remaining in Jaffna and Trincomalee districts will be brought home by the end of March.

An opposition party, led by the grandson of Sri Lanka's first prime minister, called today for the dissolution of the council in the Tamil-dominated province, charging that some areas there had become battle grounds.

"The districts of Batticaloa and Ampara in particular have become the battle ground of warring factions," said the United Lanka People's Party in a statement.

The party is headed by Rukman Senanayake, the grandson of Don Senanayake, who became Sri Lanka's first prime minister after independence from Britain on Feb 4, 1948.

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Parties locked in battle for seats

Indian state poll scenario

By Thomas Abraham
Arab Times correspondent

NEW DELHI, Feb 6: The Janata Dal and the Bharatiya Janata Party were today making frantic last-minute efforts to reach some understanding on seat adjustments in two major states — Gujarat and Bihar — where assembly elections will be held later this month along with six other states and one union territory.

With less than a day to go before the deadline for withdrawal of nominations ends, the chances of an agreement appeared rather dim even as senior leaders of both parties were engaged in hectic consultations in the capital.

The efforts of the ruling National Front, of which the Janata Dal is the main constituent, and its allies have been

to put up a united front against the Congress in the assembly polls as had been done in the general elections last November. The strategy had paid off in November and the Front and the BJP are hoping it would do the trick again this time in their effort to dislodge the Congress, which is at present ruling in all the states going to the polls.

In Gujarat, the BJP had won 12 seats and the Janata Dal 11 out of a total of 26 seats in the Lok Sabha elections. On the strength of this performance, the BJP had staked a claim to a majority of the 182 assembly seats at stake in the state. This was something the Janata Dal unit in the state, led by former chief minister Chimanbhai Patel, was unwilling to concede.

In Gujarat, the main problem appears to be who will become chief minister if the non-Con-

gress parties emerge with a majority this time. Chimanbhai Patel is a strong contender for the prized job, but the BJP is in no mood to accept him, partly because of the charges of corruption that he drew during his earlier tenure as chief minister in the early seventies.

The BJP is learnt to be willing to accept another former chief minister Bahubhai Patel in case their own candidate for the chief ministership is not acceptable. Bahubhai Patel was chief minister in mid-70s as head of the then Janata Party government, an experiment that inspired the formation of the party at the national level after Indira Gandhi lifted the emergency in 1977.

A spokesman for the BJP squarely blamed today the Janata Dal for the breakdown in the seat adjustment talks and said some understanding could have

Ruling in Bofors investigation

Court seeks Swiss help

NEW DELHI, Feb 6, (UPI): A court yesterday agreed to ask Swiss authorities to assist Indian investigators seeking the identities of recipients of kickbacks allegedly paid by A.B. Bofors of Sweden in 1986 to secure a \$1.3 billion contract to sell artillery to New Delhi.

Additional Sessions Judge R.C. Jain upheld arguments by the Central Bureau of Investigation (CBI) that the agency required Swiss government help to unmask the individuals controlling Swiss bank accounts into which the kickbacks were reportedly deposited.

He instructed that the agency draft a "letter rogatory" seeking Swiss assistance and that the request be transmitted to "the competent judicial authorities" in Bern by the Foreign Ministry.

been arrived at if the Dal leaders had been more accommodative. The BJP is learnt to be prepared to whittle down its demand to 82 of the 182 seats, leaving the Dal with 100 seats.

Jain was required to approve the request under a special investigative treaty governing criminal offences that was signed by India and Switzerland last year.

In approving the CBI request, however, Jain directed that the government would have to undertake not to use for any purposes other than the Bofors investigation information gained from Swiss authorities.

Five accounts bear the names of front companies reportedly used to shield the true beneficiaries of alleged kickbacks. The sixth was identified by a Swedish newspaper as belonging to Ajitabh Bachchan, the brother of India's leading film star, Amitabh Bachchan. The newspaper said funds from one of the other five accounts were transferred into Ajitabh Bachchan's account.

But Chimanbhai is unwilling to settle for anything less than 112, a number he believes would ensure his coming to power if the coalition wins enough seats.

The BJP is learnt to have taken up the matter with Janata Dal president and Prime Minister V.P. Singh, who has summoned Chimanbhai Patel for talks today. But there was no indication of what the outcome was.

Pakistan blamed for border clash

Call for restraint

(Continued from Page 1)

region government said later three died and 17 were wounded. Local officials contacted by telephone in Sialkot, 155 miles (250 km) southeast of Islamabad, said Indian personnel fired from a lone demonstrator dashed across the border in an attempt to rip down an Indian flag.

Amnesty said it acknowledged that the Indian security forces faced a difficult situation in maintaining law and order and also that members of the security forces have been killed by armed Kashmiris.

But Amnesty said its concern was heightened by the Indian government's Jan 25 ban on journalists visiting the state.

Security forces were reported to have killed more than 60 people in the demonstrations since Jan 21, apparently opening fire without first trying to use non-lethal methods of crowd control," Amnesty added.

It called for an investigation into the killings and urged the governor of Jammu-Kashmir to order troops not to use lethal force on demonstrators unless their own lives were at risk.

The two bombs that exploded in and around Srinagar, the summer capital of Jammu and Kashmir state, damaged a building, destroyed a passenger bus and injured two people, police reported.

The explosions, believed to be set off by pro-secessionist Muslim militants, came on the fifth consecutive day of a week-long general strike called by militants who want predominantly Muslim Kashmir to secede from Hindu-dominated India, a move that is supported by Muslim Pakistan.

Muslim extremists called the week-long strike in Kashmir to coincide with "solidarity week" in neighbouring Pakistan, where widespread rallies and prayer meetings marked support for Muslims demanding secession of Kashmir.

India's Foreign Ministry spokesman, Aftab Seth, today blamed Pakistan for the border clash.

"We once again urge Pakistan to make every effort to cool the temperature and lower the rhetoric in order to prevent unprovoked incidents of the kind that occurred yesterday," he

said. "In Srinagar, most residents remained indoors and virtually all businesses were closed today even though Indian authorities lifted a curfew for 13 hours. Banks and government offices opened and public transport was available for the first time in several days.

The scene was virtually the same throughout the rest of the Kashmir valley where most businesses closed in compliance with militant demands, witnesses said.

In Kak Pura, 12 miles (19 km) south of Srinagar, security forces peacefully dispersed about 200 youths throwing stones at passing cars which were on public roads in violation of the strike.

The first bomb of the day exploded at 6:45 am and partially damaged a building in a shopping complex in downtown Srinagar, a police official said. Two bystanders were injured and taken to a hospital for treatment.

The second bombing incident occurred at 11 am when an undetermined number of masked gunmen stopped a passenger bus along a road near Buchpora, a few miles north of Srinagar, the official said.

After ordering everyone off the bus and into a nearby rice field, the gunmen bombed the vehicle, the police official said. No injuries were reported.

More than 90 people have been killed since violence erupted in the region Jan 20, according to officials. Most of the victims were shot by security forces during demonstrations for independence for Kashmir.

The president of Pakistani Kashmir said today that three people, including a boy of 12, killed on the border by Indian soldiers but he called on his people to react with restraint.

Sardar Abdul Qayyum Khan said responsible people on both sides of the ceasefire line were trying to prevent an escalation of violence.

"They (protesters) should show restraint and not take individual actions because this can lead to loss of life for nothing," he said.

Qayyum had previously said he would be ready to lead a mass crossing of the ceasefire line, but declared today the time was not yet right for action.

Stay out: Manila rebels tell US

MANILA, Feb 6, (Reuters): Philippine army rebels trying to overthrow President Corason Aquino said today they were not enemies of the United States and told Washington to stay out of the country's internal conflicts.

The rebels, in a statement circulated in military headquarters in Manila, also called on the international community to withdraw their support to the Aquino government, calling it incompetent and corrupt.

"Mrs Aquino will definitely not be able to finish her term... as for our time frame, just wait and see. It is most quiet before the storm unless its full force," they declared.

The warning was delivered a day after defence officials increased rewards for the capture of leaders of December's failed army revolt and urged troops to report to superiors any unusual activities by fellow soldiers.

The rebels issued the statement in the name of the reform the armed forces movement and the soldiers of Filipino people, two factions that nearly toppled Aquino in the sixth and most serious coup attempt against her in her four years in office.

The US air force helped repel the December revolt by launching intimidation flights over Manila after rebel planes bombed Aquino's presidential palace.

"The US government will be responsible for whatever actions we might consider to take against them," the rebels said.

"For as long as they leave the Philippines alone in settling their own internal problems, they are not our enemy. It will be US government's own choice if they want to be considered an 'enemy'," they added.

"(We) see no reason why we cannot continue to have open ties with the US government as long as the US government stops treating the Philippines as if it is still its colony."

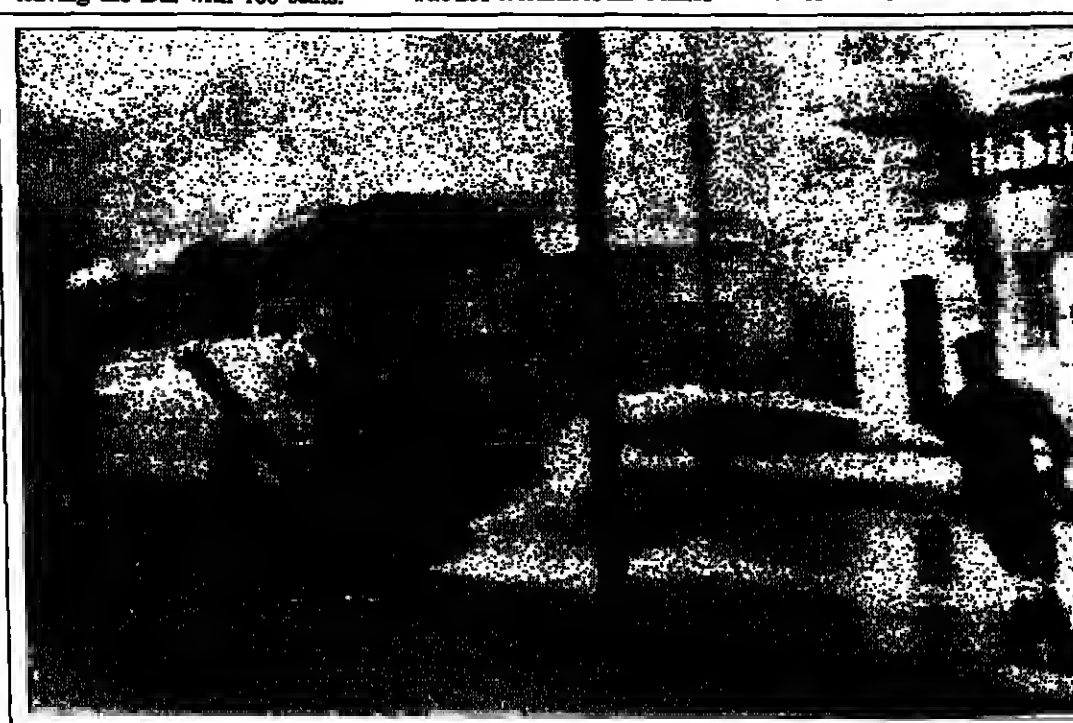
Washington has threatened to withdraw its aid to Manila if army rebels succeed in overthrowing Aquino, who has called the rebels the Philippines' most serious threat to democracy.

"We have no intention of running the country for a long period of time. We are but a toll of transition," the rebels said, referring to Aquino's charge that they planned to install a military dictatorship.

Defence Secretary Fidel Ramos yesterday announced a bounty of \$800,000 for the capture of 27 renegade officers, led by cashiered Colonel Gregorio Honasan, who carried the highest price of five million pesos (\$227,000).

Intelligence agents have arrested five suspected communist assassins in a central Luzon province and Manila, the military reported today.

Col. Ferdinand Lagunas, a Philippine constabulary provincial commander, said the five were suspected in the killings of at least 20 people.



A fire-fighter tries to extinguish a burning government bus which was set on fire by an angry mob during a fresh wave of violence in Karachi. (Reuters wirephoto)

NEWS IN BRIEF

Army deserter to return home: Arnold Kephart, who faced a court-martial for deserting the army 30 years ago in Germany, has been granted an army discharge and will be returning to his family.

Kephart, 53, said he learned Monday the army agreed to let him out of the service with an "other than honourable discharge" — 30 years after he deserted his post in West Germany and fled behind the Iron Curtain to escape punishment for wrecking a truck.

"Now I'm a short-timer," Kephart told the Omaha World-Herald on Monday night in an interview from Lawton, Oklahoma. Kephart was taken to Fort Sill, Oklahoma, after his arrest Jan 30 at Eppley airfield. MPs arrested him before he left the airplane that had brought him on the last leg of a six-week journey from East Germany. (UPI)

Two die in UK explosion: Two men have died and three others were injured Tuesday morning in an explosion at a house near Reading, Berkshire, near London.

British police said the blast badly damaged the house, which is now on fire. Adjoining homes have been evacuated.

It is not yet known what caused the blast, but police said there was nothing suspicious about it. (Kuna)

181 detained in UK last year: A total of 181 people were detained in the UK last year under the prevention of terrorism act, according to the latest British Home Office figures.

Of these, eight were charged under the act and a further 14 were detained under other legislation.

The statistics showed that 163 people were detained in connection with terrorism in Northern Ireland, the remainder in connection with "international terrorism." (Kuna)

Americans favour green landscape: A "green landscape" is more important to Americans than a strong greenback, a new survey shows.

The poll, released on Monday by Cambridge Energy Research Associates and Opinion Dynamics Corp, found that 74 per cent of those surveyed would accept slower economic growth in order to improve the environment, if they were forced to make a choice.

However, 62 per cent of those polled felt that the country can improve environmental conditions without sacrificing economic growth. (Reuters)

Accused man threatened Jews: The man accused in Canada's first war crimes trial threatened to disembowel Jews who had values, a Hungarian witness said in a videotape shown on Monday.

Marta Danos of Budapest said Imre Finta was the Gendarme officer who suddenly appeared before detained Jews in Szeged, Hungary in 1944. "He threatened us with being disembowelled if we did not turn over valuables."

Finta, 77, a former Gendarme captain and Toronto restaurant owner, has pleaded not guilty to eight charges, including robbery, kidnapping, manslaughter and forcibly confining 8,617 people. (Reuters)

Americans becoming negative about Japan

NEW YORK, Feb 6, (AP): Americans increasingly express negative views of Japan, fuelled in part by the Japanese purchase of US institutions such as Columbia Pictures and the end of the cold war, a new poll released today said.

According to the New York Times, which conducted the poll with the broadcasting network CBS, the trend, not the raw numbers, has alarmed some political analysts.

Sixty-seven per cent of the 1,557 Americans polled between Jan 15-15 still say they have generally friendly

feelings towards Japan, according to the Times-CBS poll. But a quarter of Americans now say their feelings about Japan are "generally unfriendly," up from 19 per cent last June and 8 per cent in 1985, the poll showed. The increase comes after several years in which friendly opinion was essentially stable, the paper said.

In follow-up interviews after the poll, Americans made it clear that highly visible Japanese investments in the United States "are feeding an anxiety that Americans are losing control of their own country and culture."

Troops break up Karachi protest

KARACHI, Feb 6, (Reuters): Police and protesters fought a gunbattle in the Pakistani port city of Karachi today and eight people were wounded, two of them policemen, witnesses said.

Authorities called in troops as police gunfire and tear-gas failed to break up 3,000 protesters besieging a police station in the business district of Arambagh.

A protester slapped a senior police officer at the station, the witnesses said.

The protesters accused the police of not speedily registering a complaint claiming Prime Minister Benazir Bhutto and other leaders of her Pakistan People's Party were responsible for the deaths of two people last night.

The police said the two were killed by masked gunmen, taking the toll in ethnic violence in the southern province of Sind to 24 in the past eight days.

The protesters threw stones at shops and set two vehicles on fire, the witnesses said. Businesses pulled down shutters and closed their shops.

The PPP and a powerful ethnic party, the Mohajir National Movement, accused each other of kidnapping and torturing rival student activists in the past few days.

The movement, which represents Muslim immigrants from India who dominate Karachi's population of more than seven million, has called for a general strike in the city on Wednesday to protest against what it calls PPP excesses.

Sind Chief Minister Qaim Ali Shah held an emergency cabinet meeting last night on the situation in Karachi, which has been rocked frequently by ethnic rioting in the past three years.

4 tribal rebels killed

DHAKA, Feb 6, (Reuters): Soldiers shot dead four tribal rebels in southern Bangladesh yesterday a day after a powerful bomb allegedly planted by guerrillas killed a local council chairman, officials said.

They said the rebels died in an hour-long exchange of fire in the Chittagong Hill Tracts where the Shanti Bahini (peace force) have fought a 17-year-old insurgency in which at least 2,000 people have been killed.

At least 30 persons were injured and 23 detained in clashes between police and strikers in the early hours of a half-day general strike in Dhaka today to protest the moving of an Islamic university.

Eye-witnesses said police and strikers fought a see-saw battle for over an hour in the Mirpur area of the city, causing injury to at least 30 people.

Thousands of people were stranded today as students stopped traffic on a major highway linking Dhaka to northern Bangladesh.

Police detained 23 pickets from Khilgaon and Mirpur areas.

The general strike called by the national committee to resist moving the Islamic university from Gazipur to Kushtia nearly paralysed Dhaka and the adjoining Gazipur district.

Educational institutions, shops and commercial and entertainment centres remained closed. Motor vehicles remained off the roads during the strike hours. A large number of bicycle rickshaws however were at work on the city streets.

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Bush cautions on global warming

Plea for bargain

WASHINGTON, Feb 6, (AP): President George Bush cautioned an international gathering of scientists yesterday against seeking solutions to global warming that would burden major industries.

He said a bargain must be struck between environmental protection and economic growth.

In a speech one environmentalist called a "gross disappointment," Bush also said he would convene a meeting at the White House this spring of top environmentalists, economists and ecologists to grapple with the issue. An exact date was not given.

He promised US support for "aggressive and thoughtful action," but sounded a note of caution against scientists and environmentalists who believe the warming of the earth's atmosphere is already serious enough to warrant severe anti-pollution controls. The White House contends that considerable scientific uncertainty remains about the threat.

Global warming is the gradual increase in the earth's temperature due to buildup of heat-trapping gases emitted into the atmosphere by burning oil and gas.

"Wherever possible we believe that market mechanism should be applied and that our policies must be consistent with economic growth and free market principles in all countries," Bush said in his address before the intergovernmental panel on climate change, a United Nations-sponsored group opening a three-day meeting at Georgetown University.

Environmentalists from the United States and Europe were quick to criticise Bush for not



Bush gestures during his speech. (Reuters wirephoto)

making a clear commitment for immediate action aimed at dealing with global warming.

"It was a gross disappointment. There was more talk in the speech about economics than about the environment," said Daniel Becker of the Sierra Club, an environmental group.

Stewart Boyle of the Association for the Conservation of Energy in Great Britain said Bush's remarks demonstrated "a leadership crisis" at the White House on the global warming issue.

"About the only thing we can say about it is he turned up" at the conference, he said.

"There was no step forward in his speech," remarked Brooks Yeager of the National Audubon Society, another environmental group.

Later, at the White House, presidential spokesman Martio

Fitzwater asserted that scientists disagree on the issue of global warming, and "the people who think this is a problem that needs to be solved today don't understand it. They're wrong."

During the campaign, Bush said he would convene a global conference on the environment in his first year in office on global warming and other environmental problems, and that it was now time to act on these problems.

"If that's true, then he has changed his view. I don't know if he said those words during the campaign, but if so, he's changed his mind," Fitzwater said.

In a major speech on environmental policy on Aug 31, 1988, Bush said that "those who think we're powerless to do anything about the 'greenhouse effect' are forgetting about the 'White House effect'. As President, I intend to do something about it."

No paperback: hostages' kin

Appeal to Rushdie

LONDON, Feb 6, (AP): Relatives of British hostages held in Lebanon appealed yesterday to author Salman Rushdie not to publish a paperback edition of "The Satanic Verses," saying it would be "misconceived and irresponsible."

"We believe the time has come to balance the principle of free speech against that of self-restraint, which is also necessary in a civilised society," the families said in a statement.

The statement was issued through the Archbishop of Canterbury, the most Rev. Robert Runcie, and signed by Frances and David Waite, wife and brother of Runcie's envoy Terry Waite, and by close relatives of the three other missing Britons.

The families said the book had caused "grave offence to Muslims throughout the world," and argued that free speech had been upheld by its huge sales in hardback. Many Muslims consider the book blasphemous.

Rushdie, 42, a naturalised Briton who was born into a Muslim family in India, has been under British police guard at an undisclosed location since Iran's Ayatollah Khomeini's call last Feb 14 to Muslims to kill him. The decree was not lifted when Khomeini died in June.

"Given the predictably grave damage likely to be caused, we believe that further publication on the grounds of upholding free speech would be both misconceived and irresponsible," the families said.

Viking Penguin, Rushdie's publishers, reiterated last night that no decision has yet been made about the paperback.

The relatives' appeal came a day after a London newspaper published a 7,000-word essay by Rushdie defending his book and saying he regretted the offence caused.

Reagan ordered to testify on video

WASHINGTON, Feb 6, (AP): A US judge has ordered former President Ronald Reagan to give a videotaped deposition for the Iran-Contra trial of his one-time national security adviser.

Reagan also was ordered yesterday to turn over 33 entries from his diary immediately to the former aide, John Poindexter.

"Former President Reagan's testimony will be taken by way of a videotaped deposition" at "an appropriate place and a date" before the Feb 28 start of Poindexter's trial, said US District Judge Harold Greene.

Poindexter worked for Reagan as chief of the national security council, where he was the boss of Oliver North, who was convicted for his part in a cover-up of the secret sale of weapons to Iran and the diversion of funds to support Nicaraguan rebels.

Both he and Poindexter have maintained they were only following instructions from superiors in the White House.

North is asking a federal appeals court to reverse his conviction on grounds that Reagan should have been called as a trial witness.

In arguments today before the US circuit court of appeals, North's lawyers also were expected to assert the North's prosecution was tainted by the former White House aide's unimpeached testimony to Congress.

Reagan promptly invoked executive privilege to avoid turning portions of his diaries over to Poindexter. "Former president Reagan hereby asserts his claim to the constitutionally protected privacy of his diaries," said Theodore Olson, one of Reagan's attorneys.

The administration of President George Bush, who was vice-president throughout the Iran-Contra affair, has until Friday to invoke executive privilege on the matter of videotaped testimony.

In Los Angeles, Reagan Spokesman Mark Weinberg refused comment on the order for a videotaped deposition, but said the former president was invoking executive privilege regarding the diary entries to give his lawyers time to "evaluate the need" for them.

Young in race for Georgia governor

ATLANTA, Ga, Feb 6, (Reuters): Former Atlanta Mayor and United Nations Ambassador Andrew Young made formal yesterday his long-anticipated entry as a candidate in the race to become Georgia governor and the first black elected chief executive of a deep south state.

Young, who gained worldwide prominence as US ambassador to the UN under former president Jimmy Carter, declared his candidacy for the democratic nomination for governor during an evening statewide television broadcast.

Years to assess

Lung implant

SALT LAKE CITY, Utah, Feb 6, (AP): Doctors at a hospital where the world's first implant of a lung assist device has taken place say it may be years before they can assess its potential.

Last week, a 16-year-old girl became the first human recipient of the intravascular oxygenator, known as Ivox. The girl, whose name was not released, remained in critical condition at LDS Hospital early yesterday.

Dr Alan Morris, director of pulmonary research, and Dr Terry Clemmer, director of critical-care medicine, said it may be months or even years before they can assess the medical significance of Ivox, which has received approval by the US Food and Drug Administration for up to 10 experimental implants.

Ivox is an inch-wide (2.5-centimetre-wide) bundle of plastic fibres that mimic the lung's task for supplying oxygen to the body. It was implanted during a two-hour operation Friday.

It was unclear how long doctors hope to keep the device in the patient. In September, guidelines approved by the FDA limited implants to seven days in people with acute respiratory failure who have little or no chance of survival.

However, hospital spokesman Tim Madden said Sunday the seven days is considered to be a "rough guideline" by doctors.

"It's not hard and fast, although there is a limit they think they can use it for, and that is about a week," he said.

Hospital officials have released little information about the operation, or the patient's status.

BBC pips keep time

LONDON, Feb 6, (AP): The pips and peeps of BBC radio became a shade more precise yesterday after the corporation moved its timekeeping operations from the countryside to its London headquarters.

Not that radio listeners were likely to notice. The difference is that inaccuracies will be only 1,000th of a second instead of five 1,000ths, the BBC said.

BBC newscasters, recognisable worldwide by their hourly pip-pip-pip-pip-pip, have been getting the time from the Royal Greenwich Observatory since 1924.

But that service ended with yesterday 1 pm, (1300 GMT) time signal, and the BBC's own equipment, installed in a basement at its London headquarters, took over.

PEOPLE AND PLACES

VANCOUVER, Washington: A 7-pound (3.2-kilogram) baby boy was found in a paper bag in a hospital parking lot by a driver who had steered around the sack.

"Baby Doe," 1 to 2 days old, was doing well Sunday at southwest Washington Medical Centre. Vicky Morrow was taking her mother to the hospital for a checkup Saturday evening when she spotted the bag.

She said she avoided running it over because she thought it might contain glass or nails and damage her tyres. After she got out of the car, she said, she heard the baby crying. (AP)

WEST LAFAYETTE, Indiana: Two generations of aviation history will be linked April 19 when a scarf once worn by Amelia Earhart rockets into space aboard the space Shuttle Discovery, Purdue University officials say.

The scarf was presented Saturday to astronauts Jerry L. Ross and Donald E. Williams, both alumni of Purdue, where Earhart trained for the 1937 around-the-world flight during which she disappeared over the Pacific.

Ross and Williams will take the scarf to the Johnson Space Centre in Houston and give it to fellow astronaut and Purdue alumni Loren Shriver, who will command the shuttle mission.

The square brown, gold and orange silk scarf is part of a collection to Earhart memorabilia at Purdue, where she was a counsellor to female students from 1935-37. (AP)

NEW YORK: Ten-year-old Sarah Lawing went where no other journalist had gone before in obtaining an interview with Tom Cruise on the set of "Days of Thunder," his new movie about a race car driver.

When she heard that Cruise was filming the movie near her family's farm in Long Creek, North Carolina, the reporter for Long Creek elementary school's News and Neighs wrote the actor seeking an interview, according to this week's People magazine.

"Rain Man" and "Top Gun" had turned down previous interview requests, but gave Sarah her first. Her only previous story, about "a really big snowflake," had not required an interview.

During the five-minute interview, Cruise said he first became interested in acting at age 7. (AP)

COLUMBUS, Ohio: Paying only slight attention to your spouse's words may indicate a happy marriage, research suggests.

Laura L. Stafford, an assistant professor of communication at Ohio State University, said her study showed that strangers recall more of their conversations than married couples. (AP)

Teens survey

Girls do it sooner

ATLANTA, Feb 6, (AP): Teenage girls in the United States seem to be having sex sooner, according to early reports from a federal survey of childbearing and sexual practices.

A 1988 survey of young women 15 to 19 found that 54 per cent had intercourse at least once, according to researchers with the National Centre for Health Statistics. That compares to 47 per cent in a similar survey in 1982.

"A larger percentage of teenagers (are) initiating sexual intercourse at younger ages than in 1982," the Atlanta-based Centers for Disease Control said in its report last week, commenting on the NCHS research.

"That's a fair conclusion to draw from this," said Dr. William Pratt, chief of the NCHS's family growth survey branch in Hyattsville, Maryland. "We're quite sure it's real."

And while sexual activity was somewhat more widespread among young black women than their white counterparts, the increase from 1982 to 1988 apparently was fuelled by increased sexual activity among whites.

For example, among 15-year-olds, 18 per cent of whites had sex in 1988, rising to 23 per cent in 1982, Pratt said. Among blacks, the results actually fell slightly, from 28 per cent to 26.

For 16-year-olds, the results rose from 29 per cent to 32 among whites, while the percentage for blacks rose from 42 to 46.

LOS ANGELES: Jogging police officers hopped into former "Happy Days" star Scott Baio's golf cart and chased down a teen-ager who pulled a woman jogger into a park's bushes and tried to rape her, authorities said.

The pursuit ended Friday with the arrest of a 16-year-old northridge youth for investigation of rape. The suspect was not identified because of his age.

Three officers were running for exercise at the Sepulveda dam recreation area when they heard a woman scream and saw her emerge from some bushes. The 25-year-old woman told them a man had pulled her into the bushes and tried to rape her, said Sgt. Joseph Bixler.

As they ran past the Bixler golf course, Baio saw them and loaned them his golf cart. (AP)

Ozone flight project

CAMBRIDGE, Massachusetts, Feb 6, (AP): Scientists are building a computer-controlled aircraft to fly through a hole in the ozone layer over the south pole and gather information about conditions there, Harvard University said yesterday.

The unmanned craft will fly up to 85,000 feet (25,908 metres) above Antarctica, said professor James Anderson, who teaches atmospheric chemistry.

Anderson said 60 per cent of the ozone layer of the south pole has been depleted. Some experts believe the protective layer has been damaged by Chlorofluorocarbons from air conditioners, refrigerators, some aerosol sprays and other sources.

Because ozone blocks ultraviolet radiation, damage to the layer could lead to higher levels of skin cancer, eye problems and damaged food crops, Anderson said.

Last reserve Tibet's wilderness

NEW YORK, Feb 6, (AP): A cold, windswept plain in Tibet populated with scores of birds, plants and animals found nowhere else on earth has been proposed as the world's largest nature reserve.

The Chang Tang reserve, from the Tibetan words for "northern plain," would encompass an area about 150,000 square miles (388,000 square kilometres). The proposed territory covers one-sixth of the Tibet autonomous region and adjoining parts of the Chinese provinces of Qinghai and Xinjiang, said George Schaller, an American biologist who has explored the region and helped negotiate an agreement signed just days ago.

"It's one of the last, almost unexplored places on the face of the earth," said Schaller, of Wildlife Conservation International in New York. "It survives intact almost as it was 100 years ago."

Schaller, one of the world's leading wildlife biologists, has done pioneering studies on gorillas, pandas, snow leopards and other endangered animals.

He is one of the very few Westerners to have entered the Chang Tang region. Few local people have been there, either. Despite its size, it has a human population of now more than several hundreds wandering herdsman who live there for only a few months each year.

When he returned from Chang Tang in late January, he brought with him an agreement with the Tibetan Environmental Protection Agency that outlines the steps to be taken to establish the reserve.

An area of 100,000 square miles (260,000 square kilometres) will be set aside in Tibet. The Tibetan EPA will co-ordinate the effort, with funds from Wildlife Conservation International and Tibetan and national agencies. Proposed additions in adjoining provinces would bring the size of the reserve to about 150,000 square miles (388,000 square kilometres).

"We want to, in the next few years, find out what's there and the areas of particular importance," Schaller said. He plans to return in July. The research will be conducted with the Tibet Institute of Plateau Biology.

Memphis activist sues for libel

NEW YORK, Feb 6, (Reuters): A Memphis activist yesterday sued the Reverend Ralph Abernathy for libel, alleging he falsely implied in his autobiography that she slept with black civil rights leader Dr Martin Luther King the night before he was slain in 1968.

The suit, filed by Adjia Abi Naantaanbu in Manhattan federal court, seeks at least \$10 million in damages from Abernathy, his publisher Harper Row Publishers Inc and editor Daniel Bail.

There was no immediate comment from the publishers or Abernathy, a close aide to King in the civil rights movement.

Naantaanbu said that Abernathy's autobiography entitled "And the Walls Came Tumbling Down" caused readers "to believe that the plaintiff had engaged in adulterous behaviour and sexual relations with Dr Martin Luther King on the last night of his life."

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Calderon pledges to fight poverty

SAN JOSE, Costa Rica, Feb. 6. (AP) President-elect Rafael Angel Calderon, fresh from an election victory, says he hopes to turn his win into "a triumph for all Costa Ricans."

On May 8, Calderon will succeed Oscar Arias, who won the 1987 Nobel peace prize for developing and promoting the Central American peace plan. By law, Arias could not seek another four-year term.

He attended mass on Monday, the day after the election, at the Roman Catholic Basilica de Los Angeles in Cartago, the colonial capital 15 miles (24 kms) east of San Jose.

"I asked God to help me give the people of Costa Rica what the people deserve: a better future," he told 3,000 supporters gathered in downtown San Jose later in the day.

Calderon, 40-year-old founder of the Social Christian Party, repeated campaign pledges to fight crime, poverty and poor housing, but got the biggest cheer when he asked for unity against drug trafficking and corruption.

The festive crowd waved Costa Rican and red-and-blue Social Christian flags. People gave loud, good-natured jeers when a partisan of Carlos Manuel Castillo, candidate of the incumbent National Liberation Party, waved a green-and-white party flag from a balcony.

By Monday afternoon, the official count showed Calderon leading Castillo by 656,282 votes to 604,396, with about 90 per cent of precincts reporting.

"Today, we have elected liberty and democracy to the presidency of Costa Rica," Castillo said in a concession speech Sunday night.

Haiti A key political alliance threatened Monday to pull out of Haiti's general elections unless the military government allowed the return of exiled leaders and the United Nations to observe the balloting.

At a news conference, Marc Bazin, a leading presidential candidate and leader of the National Alliance for Democracy and Progress, also gave four other conditions to participate in this year's elections.

They would be the first since the 1987 voting was cancelled following a massacre at the polls.

Newspaper projections showed Calderon's party winning 29 or 30 of the 57 national assembly seats, with National Liberation taking 25 and minor parties the remainder.

Calderon, who visited Panama shortly after the Dec 20 US invasion, is a strong supporter of US policy in the region.

The president-elect has expressed disappointment over US aid for Costa Rica, set at about \$90 million for 1990 and due to fall about 30 per cent in 1991.

Nicaragua Violence by rebels and threats forcing candidates to withdraw from campaigning for elections on Feb 25 pose serious obstacles to the democratic process in Nicaragua, says a UN report released Monday.

The report by UN Secretary-General Javier Perez de Cuellar said the UN observer mission in Nicaragua also expressed concern over attempts by opposition groups to discredit the nation's electoral authority and the international observers themselves.

The report said that during December and January there was "constant military activity attributed to groups of the Nicaraguan resistance, which has taken a tragic toll of life and has undoubtedly hampered the electoral process."

Peru Peru's leading writer, novelist Mario Vargas Llosa, leads the presidential race with over 50 per cent of popular support — enough to win the presidency without a runoff — a private poll published Monday showed.

The Peruvian Public Opinion Co. poll said the 53-year-old candidate of the conservative Democratic Front enjoys the support of 52 per cent of the electorate. The finding was based on interviews taken in Lima and 12 other major cities. The sample size and margin of error were not available.

He is such a womaniser, says Menem wife

BUENOS AIRES, Feb. 6. (Reuters) High-living Argentine President Carlos Menem's popularity is not only suffering in public opinion polls — his wife has complained that he is "such a womaniser."

Plagued by hyperinflation, labour protests, tape on his telephone and hecklers within his own Peronist Party, Menem has seen his popularity steadily slide to 34 per cent last month from 80 per cent in September.

Menem, who has never denied he has a passion for fast cars and beautiful women, has now been chastised for his rakish ways by his wife.

"I don't want to speak ill of Carlos, but if I have to be sincere, I must say that what most bothers me of him is that he is such a womaniser," Zulema Yoma said in an

interview published yesterday.

Yoma, 47, moved out of the official presidential residence in the northern suburb last week after a spying system was discovered in its switchboard and in several of Menem's offices.

"When I was young I never thought I'd lead the life I've lived... I imagined a normal marriage where my husband looked after me and my children, but it has not been that way," she told the Sun newspaper. "I do enjoy being the first lady."

The Menems have one son and one daughter. Their families arranged their wedding in 1966. They were separated during most of the past decade but reunited shortly before the Peronist presidential primaries in 1988.



Two children peer through barbed wire this week during an anti-apartheid protest. (Reuters wirephoto)

Luxembourg Bank asked to pay \$15 m more careful BCCI affair

LUXEMBOURG, Feb. 6. (Reuters) Luxembourg is walking a fine line between preserving cherished banking secrecy laws and keeping out crooks after one of its banks was caught by a US sting operation laundering Colombian drug money, bankers said.

The scandal over money laundering by the Bank of Credit and Commerce International (BCCI) headquartered in Luxembourg is an embarrassment to this small country, which relies heavily on banking as a source of private and government revenue.

"It's something we have to look at closely," said one senior Luxembourg official who has seen part of the proof compiled by the US authorities against BCCI.

Two BCCI subsidiaries, including one in Luxembourg, and five bank officers were caught by US undercover agents laundering money for the Medellin drug cartel. BCCI pleaded guilty in a Florida court on Monday to money laundering charges and forfeited more than \$15 million. The bank officers have gone on trial in Tampa, Florida.

Bankers worry the BCCI affair could tarnish Luxembourg's reputation as a major European banking centre competing with better-known Switzerland for the discreet customer.

Luxembourg depends on banking for 15 per cent of its gross domestic product (GDP), 20 per cent of government revenue, and banking is the main reason the Grand Duchy racks up a current account surplus.

Critics, including some of its European Economic Community neighbours, allege that Luxembourg's tight bank secrecy laws make it easy for dubious characters to stash money here. Luxembourg has responded by lifting the veil of bank secrecy

when there is well-documented legal proof of wrongdoing and by passing a tough law against money laundering.

But it is reluctant to go as far as some countries by, for example, easing bank secrecy when there is only suspicion of criminal activity.

Twice recently Luxembourg has acted on US Justice Department requests when shown proof of money laundering and given account names and numbers — it froze \$39.4 million deposited by Colombian drug lord Gonzalo Rodriguez Gacha, and \$3.5 million held by a relative of deposed Panamanian strongman Manuel Noriega.

Last July, Luxembourg passed what experts say is one of the toughest anti-laundering laws in Europe, though it has yet to be tested in court. It not only makes laundering a criminal offence but says bankers can be convicted if they look the other way.

The country's banking regulator, the Luxembourg Monetary Institute (IML), drew howls of protest when it issued draft regulations to implement the law which said that bankers must find out who has "economic control" of an account.

Bankers association chairman Jean Krier said the rules have been a headache and another local banker questioned whether it is possible to find out who pulls the strings on all accounts.

The IML has met bankers to discuss their concerns but will stick to the basic aim of the law which is to put the onus on bankers to screen their clients.

"I remain convinced that it must be possible to identify who the customer is," IML director Jean Guill said. Beyond this, Luxembourg officials say there is little reason to change.

All banks have been instructed to set up internal systems to prevent laundering.

Bank asked to pay \$15 m

TAMPA, Florida, Feb. 6. (Reuters) A major international bank was ordered to forfeit more than \$15 million yesterday after pleading guilty to drug money laundering charges in a case with links to deposed Panamanian strongman Manuel Noriega and Colombian cocaine lords.

A US judge also put two divisions of the Luxembourg-based Bank of Credit and Commerce International on five years' probation for their role in a \$32 million laundering operation.

The sentences imposed by the judge was in line with a plea bargain deal that BCCI reached with US prosecutors in mid-January to avoid facing a criminal trial in Tampa.

Under the plea agreement, BCCI, the first major international bank ever indicted on US money laundering charges, agreed to co-operate with prosecutors against individual defendants, including one man who once described himself as Noriega's personal banker.

US district judge William Hodges said during the sentencing hearing that he could have fined BCCI up to \$28 million but he chose instead to go along with the plea deal.

The \$15 million BCCI was ordered to forfeit to the US government "was three times heavier than any fine ever imposed on any bank in the United States," assistant US attorney Greg Kehoe said.

The money had been deposited into an escrow account after BCCI was indicted in October 1988 and amounted to the profits it made from the money laundering operation, prosecutors said.

In the deal with prosecutors, two BCCI divisions pleaded guilty to reduced charges while the government agreed to seek no further penalties against BCCI. The bank is owned by a Middle Eastern consortium, has assets of \$20 billion and operates offices in 72 countries.

Five former BCCI officers and one alleged Colombian money launderer are now on trial on charges they belonged to a global network that used the bank to funnel drug proceeds from Colombia's Medellin cocaine cartel.

Maoris jeer, curse Queen

Protest at treaty ceding New Zealand to Britain

WAITANGI, New Zealand, Feb. 6. (AP) Jeering Maori protesters plunged chest deep in water to hurl curses at Queen Elizabeth II today as she arrived to commemorate the 150th anniversary of the treaty that ceded New Zealand to Britain.

The protesters, numbering about 400 by police estimate, were among a crowd of 5,000 at the site where the Waitangi Treaty was signed by 500 Maori chiefs and Royal Navy Captain William Hobson, representing the Queen's great-grandmother Queen Victoria.

Shouts of "Go home queenie" and curses could clearly be heard across the estuary at the wharf

where she stepped ashore.

In another incident, a woman threw a black T-shirt at the queen as she drove by in an open car. Police spokesman Tony Bouchier said there had been five arrests for minor offences, including an unidentified Maori woman who threw the shirt.

Elizabeth, accompanied by her husband Prince Philip, wore a feather cloak in the hot noon-time sun, as Maori dancers fainted and were carried off in front of her. Fire department trucks offered cold water showers to the sweltering crowds.

Maori warriors with tattooed faces, challenged the Queen as she arrived at the ceremonial site,

dancing forward, jabbing the air with spears, rolling their eyes, and sticking out their tongues in the traditional test to determine if the newcomer is friend or foe.

In the open stands, Maori activists unfurled banners and kept up a chant of "honour the treaty, honour the treaty."

They booed Prime Minister Geoffrey Palmer, but stayed silent for the Queen's address.

The British monarch admitted the treaty had its weaknesses.

Later, she met with the descendants of the original chiefs.

SA to give up classification

Population Registration Act will be up for talks

CAPE TOWN, Feb. 6. (Agencies) South Africa today gave its clearest indication yet that it was willing to give up race classification, the foundation of apartheid.

Constitutional Affairs Minister Gerrit Viljoen, the government's chief negotiator, said the 1950 Population Registration Act would be up for negotiation in proposed talks on a shared future for blacks and whites.

The Act, which classifies everyone by race at birth, forms the basis of South Africa's 40-year-old system of legislated racial discrimination, known as apartheid.

"It is accepted that the Population Registration Act will have to lapse together with the present constitution. It has been accepted that the prescriptive and racial... definition of groups is not acceptable."

"But the state President has made it clear that you cannot scrap it at this stage because then the definition of certain huddling blocks of the present constitution, which we accept will have to go, will then fall away," Viljoen said.

"Instead of a constitution where groups are the structural element, we would also be prepared to consider alternative approaches where the provision of some kind of group security would be available to those who want it," he said.

Viljoen, a soft-spoken academic charged by President F.W. de Klerk with drawing up a blueprint for power sharing between South Africa's five million whites and the majority of 27 million blacks, is aligned with the Progressive Flank in the cabinet.

His assurance that race classification, and therefore apartheid, could be scrapped appeared to conflict with remarks by another minister yesterday that residential segregation would remain.

Planning Minister Hensius Kriel said at a news conference that the division of society into groups was and would remain the government's policy.

Group has become a euphemism for race in government terminology. Senior officials acknowledge privately that group protection refers mainly to the maintenance of white exclusivity for those who want it.

Viljoen gave no details of the progress made so far in drawing recognised black leaders into talks with the white National Party government, which has been in power since 1948.

But he said talks on ending white domination would have to get under way and make significant progress before 1994, when the term of the current white-dominated parliament expires.

In a special briefing to foreign correspondents, Foreign Minister P.W. Botha appealed to the African National Congress (ANC), which was legalised last week after a 30-year ban, to help Pretoria in getting rid of remaining emergency laws.

"I think it must be obvious that this government would wish to withdraw the last bit of the emergency situation as soon as possible," Botha said.

"That part of the regulations still in existence we would wish to withdraw as soon as possible and I really wish the ANC and others would help us here," he added.

Black leader Nelson Mandela will be freed from prison "very soon," but the date hasn't been set yet, cabinet ministers said today.

"The release of Mr Mandela... is something that is to take place very soon," said Viljoen.

US wants elections in Panama: In a reversal of recently-occupied position, the State Department now wants Panamanian President Guillermo Endara to hold new elections to win the backing of regional leaders.

The US has opposed new elections because it felt Endara and his vice-president were fairly elected May 7 — before the results were nullified by then-tyrant Manuel Noriega.

Endara faces no new elections until 1994. But now, State Department officials said, the US is starting to heed calls for new elections by Mexico, Venezuela, Peru, Colombia and Jamaica. Those calls until now were ignored. (Kima)

Judge denies plea on Noriega case: The trial judge in the drug trafficking case of ousted Panamanian leader Manuel Antonio Noriega on Monday denied a plea by a co-defendant Lt Col Luis del Cid for release of bond.

US district judge William M. Hoeverler said the written order was not ready Monday afternoon "but I have decided to deny the motion on grounds of risk of flight and have notified Del Cid's attorney and the government."

The written order will be released Tuesday for the co-defendant prosecutors have called Noriega's "right-hand man."

"We are disappointed, but not surprised given the nature and magnitude of the case," said Del Cid attorney Samuel Burstin. "We came away with valuable information during the bond hearings. We're pleased with what we learned about the strength of the government case."

"It's still very early in the game," Burstin said. The handling of the bond hearings would give him additional grounds for appeal. (AP)

Many hopes ride on Mandela, Thatcher sends message

LONDON, Feb. 6. (AP) US black civil rights leader Jesse Jackson and Prime Minister Margaret Thatcher yesterday argued about sanctions against South Africa and ended a 90-minute meeting in disagreement.

But they posed smiling for pictures. And Thatcher gave Jackson — who is on his way to South Africa — a message for Nelson Mandela saying that many hopes ride on him, said a spokesman at her 10 Downing Street residence.

"We agreed to disagree," Jackson told reporters, referring to Thatcher's opposition to sanctions. But he added, "I feel we have a better feel for each other."

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Sihanouk will live in own country

BEIJING, Feb. 6. (AP) Cambodia's Prince Norodom Sihanouk has said he would return to live in one of Cambodia's "liberated zones" by the end of the month.

"As a patriotic Cambodian, my duty is to return to my much-loved country to live there in the midst of my people," Sihanouk said in a statement released to the press.

An assistant to Sihanouk's secretary, who identified himself only as Kim, said Sihanouk would live in an area "liberated" from Vietnam, but that an exact place had not yet been chosen.

Vietnam, which invaded Cambodia in late 1978, said last fall that it had pulled out its last troops from Cambodia, but Sihanouk has charged that most of Hanoi's troops remain in the country, disguised as Cambodian soldiers.

Sihanouk, who was king of Cambodia from 1941-55 and head of state from 1960-70 after which he was deposed and formed a government-in-exile in Beijing, said he would "install myself definitely in a liberated zone in Cambodia" and "occupy myself permanently with (the) well-being" of his people.

Two weeks ago, Sihanouk quit as president of a three-party coalition resistance fighting the Vietnamese occupation, but retained his title of president of the country.

Last week, Sihanouk changed the name, flag and anthem of the resistance coalition, which holds Cambodia's seat in the United Nations and is recognised as the legitimate government by most nations outside the Soviet-Vietnam bloc.

Sihanouk said in his statement yesterday that he would move by the end of the month, following brief, private visits to Thailand and Singapore.

A six-member Australian team met senior Cambodian officials today to flesh out proposals to end 20 years of fighting in the country with a United Nations-monitored ceasefire followed by elections.

Fighting in Seoul

SEOUL, Feb. 6. (Reuters) Hundreds of South Korean students, denouncing the merger of President Roh Tae Woo's party with two opposition groups, fought a running battle with riot police in Seoul streets today.

The students, from Chungang University, wielded iron bars and hurled petrol bombs at riot police trying to stop them from marching to the city centre, witnesses said.

Police fired volleys after volleys of tear-gas canisters to disperse the masked protesters.

Rob and opposition leaders Kim Yoon Sam and Kim Jong-Pil agreed to stop them from marching by mid-February to give the ruling party more than the two-thirds parliamentary majority needed for any constitutional changes.

Rob's Democratic Justice Party now controls only 127 of the 299 seats in the National Assembly.

Local news reports said there were similar protests at seven other Seoul universities today.

Maggie, Jackson clash on sanction

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Jackson said Thatcher believed that South African President F.W. de Klerk was committed to the reforms announced Friday. They included legalising the African National Congress guerrilla movement and promising the

speedy release of black leader Mandela.

"She happens to believe for the most part that the courageous steps taken by De Klerk will continue," said Jackson.

"I believe they will continue with encouragement, with stimulation to go forward, with deterrence to go backwards, with economic incentives if and when apartheid is dismantled."

Both Jackson and Thatcher's spokesman said the unexpectedly long meeting was friendly and he said he would telephone her to report on his South African visit.

"The prime minister asked Mr Jackson to give Mr Mandela a message," said the British spokesman, speaking on condition of anonymity. "Tell Mr Mandela how many hopes ride on him for the future of his country."

Jackson flew to Zambia on Monday night,

and on Wednesday will go to South Africa for his first visit in a decade, having been refused a visa since 1979.

"We committed ourselves to remain in dialogue as both of us search in our own way for a new South Africa and a new equation," said Jackson.

Earlier, at a news conference hosted by three black members of the House of Commons, Jackson said "sanctions and apartheid should end on the same day, and it ought to be soon."

"Even De Klerk did not make ending sanctions a precondition for negotiations (with black leaders)," he added.

Jackson also urged white South Africans, outnumbered 4-1 by blacks, not to fear losing power.

Jackson said he hoped to meet De Klerk, but evidently had no firm appointment.



Jackson: disagreement

West helps Filipino rebels

GENEVA, Feb. 6, (UPI) — The Philippines told the UN Commission on Human Rights today that it does all it can to protect its citizens but that Maoist rebels receive millions of dollars from leftist movements in the West.

"Our human rights machinery is elaborate but as in every human system there are lapses in the midst of dedicated official vigilance," Foreign Affairs Secretary Raul Manglapus told the commission's current annual session.

"It is so easy to monitor our society because it is so free," Manglapus said. "Our press is the freest in the world and free to report on every little incident whether amounting to a crime or not," he said.

When violations do occur, Manglapus said, they are "magnified by activists of the violent left."

"The rebellion of archaic Maoism in the Philippines is waning but it survives partly because of financial infusions from sources abroad, ironically from the democratic West," he said.

"Here on this very continent (Europe), as in North America, there is a network of that violent left which has succeeded in raising millions of dollars for remittance to Philippines Maoist rebels."

"The money comes from those many time unwitting institutions which often go to the extent of resorting to theology in order to justify their neivete," Manglapus said without naming any specific organisation or agencies.

Manglapus charged that Western institutions condemning apartheid in South Africa at the same time dismiss Manila's efforts to protect human rights.

While "acclaiming the fall of leftist tyranny and the rebirth of democracy in Eastern Europe," he said, such institutions "then finance the return of that same tyranny to an already reborn Asian democracy."

Malaysia to aid resettle boat people

KUALA LUMPUR, Feb. 6, (UPI) — Malaysia said today it was willing to pay Vietnam to resettle boat people and deft international criticism by continuing talks with Hanoi on mandatory repatriation.

"There was a hint (from Vietnam) for assistance from us and I gave them the impression we were prepared to consider this," Foreign Minister Secretary-General Ahmad Kamal Jaffar said.

Kamal said forced repatriation was discussed during the recent four-day meeting with both sides wary of the views of some of the resettlement countries.

"We both recognise that this (mandatory repatriation) is a problem that should be overcome on an international basis," he said.

At the Geneva conference on Indo-Chinese refugees last June, a comprehensive plan of action was established which outlined procedures for voluntary repatriation.

Under the compact, the United States would give aid totalling \$1 billion to the strategically placed island chain over 50 years in return for defence rights and removal of an anti-nuclear clause in the Palau constitution.

The referendum is the seventh in seven years in the world's last US-administered United Nations trust territory, which has a population of 14,000 spread over eight of Palau's 200 islands.

Six previous votes since 1983 failed to obtain the required 75 per cent majority needed to change the constitution.

"I doubt that the compact can get approval because of the low turnout," Kohama said in an interview.

He said he expected past voting patterns to be maintained, with "no" votes obtaining the same percentage as before.

People are just fed up with the whole thing. This is the seventh time already and from the way it looks, the turnout won't be high and may be below the last plebiscite," he said.

Six thousand registered voters actually live in the islands, a paradise for divers 1,650 km (1,000 miles) southeast of the Philippines. The rest are Palauans living in Guam, Saipan, Hawaii and on the US West Coast.

In Guam, where nearly 2,000 Palauans live, only 600 voted, election officials said. But Obama said the compact could still be approved if 75 per cent of the votes cast favoured it.

Gorby's speech stirs Chinese not leaders

Beijing media ignore possible Moscow changes

BEIJING, Feb. 6, (Reuters) — President Mikhail Gorbachev's talk of a possible multi-party system in the Soviet Union went unreported by China's state-controlled media today but caused a stir among Chinese tuned to foreign radio stations.

Eager for news on changes in Soviet communism, which Chinese say could have a profound impact on their own country, people listened to the Voice of America, the British Broadcasting Corporation and even Radio Moscow.

When a BBC news bulletin went off the air for a few minutes because of its own technical problem, anxious listeners called the local correspondence's office to ask why.

Gorbachev's speech to a key Communist Party meeting on Monday, offering a blueprint for radical political change, did not feature in Chinese-language newspapers or on the main evening radio and television news in Beijing the next day.

"This is really important for us," said a young worker. "If a multi-party system is established in the Soviet Union then one day it could also happen in China."

"Gorbachev is a brave man. We had a Gorbachev too but he left," the worker said in a veiled reference to Zhao Ziyang.

When Gorbachev made his historic visit to Beijing last May, thousands of people used the opportunity to take their demands for political change to the streets.

The Soviet leader may be popular among the Chinese masses, who are well aware of the changes he triggered in East Europe, but diplomats in Beijing believe the beleaguered Chinese leadership has given him the thumbs down.

"This speech by Gorbachev could be the beginning of another ideological war," commented a diplomat.

In the early 1960s, the world's two communist giants fell apart in a bitter row over ideological and foreign-policy issues that led to clashes across their heavily militarised border.

It was Gorbachev's visit to China last year that finally ended the rift and restored party-to-party relations a state that diplomats say could prove to be short-lived.

Premier Li Peng, a Soviet-trained engineer, is due to visit Moscow in the coming months, mostly likely in late April, according to Soviet sources.

Diplomats said they expected the visit to go ahead despite the obvious and widening political differences.

China was aware that if Gorbachev survived then Beijing could not afford to be left out in the cold during a new era of US-Soviet détente, diplomats said.

Tensions, however, surfaced last month when China's Foreign Ministry sharply rebuked the Soviet Union for sending aviation officials to nationalist Taiwan for talks on opening air links. China, which claims Taiwan as its territory, insists its permission is needed first.

Hong Kong newspapers have carried unconfirmed reports that senior Chinese leader Deng Xiaoping has predicted Gorbachev's downfall in a secret speech.

Deng, 85, has made it clear that he will not tolerate Western-style multi-party politics.

China's headline Premier Li Peng sent unusually conciliatory signals to the United States on Monday, saying Beijing attached importance to friendship with the American people and to Sino-US relations.

Li, a leading force behind the crackdown on democracy demonstrators in Tiananmen Square last June, made the remarks to visiting delegation of former US congressmen.

Indonesia will normalise relations with China this year, Indonesian Foreign Minister Ali Alatas said in a statement transmitted by the official news agency Antara.

The spokesman said China welcomed recent comments by the South African President that bans on the African National Congress would be lifted and Mandela, leader of the ANC, would be released from prison, the official Xinhua news agency reported.

China's hopes South Africa soon will free black leader Nelson Mandela and abolish the apartheid system of racial discrimination entirely, a Foreign Ministry spokesman said today.

The spokesman said China welcomed recent comments by the South African President that bans on the African National Congress would be lifted and Mandela, leader of the ANC, would be released from prison, the official Xinhua news agency reported.

China claims to be developing Tibet," Topogyal said, but added, "as we watch convoys of trucks laden with minerals and timber drive away to China, it looks more like exploitation to us."

Reports of detention, torture, and even killings of Tibetans continue to reach the outside world, according to Pax Christi International.

Tsewang Topogyal, a Tibetan witness and member of the Paris-based International Federation of Human Rights, told the UN body that China was exploiting his people and country for the sole benefit of China.

"China claims to be developing Tibet," Topogyal said, but added, "as we watch convoys of trucks laden with minerals and timber drive away to China, it looks more like exploitation to us."

The delegate added that China's policies in Tibet, in particular, the transfer of millions of Chinese settlers into that country in violation of the 4th Geneva Convention, threaten the cultural, religious, and national identity of the Tibetan people.

He warned that human rights violations in occupied Tibet will persist and probably worsen unless the Tibetan people is permitted to exercise its most fundamental right, that of self-determination.

After an all-night interrogation, his brother gave police the letter and police later investigated his family and previous letters, Asia Watch said.

The 89-page report catalogues numerous political trials and executions occurring after the crackdown in June, although it does not supply any new information as all of its findings are based on Western press reports.

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Asia Watch blasts China

HONG KONG, Feb. 6, (AP) — Despite lifting martial law, Chinese authorities persist in arresting peaceful dissenters and are carrying out new death sentences, the human rights group Asia Watch charged in a report obtained today.

The Washington-based group also criticised the administration of US President George Bush for "kowtowing" to the Chinese in attempts to "patch things up with those responsible for the slaughter and arrests following the June 4 crackdown."

Asia Watch said tens of thousands of dissenters are languishing in cramped jail cells where guards regularly torture them. It said all political detainees are denied access to a lawyer as they await trial and are interrogated.

"China's criminal justice system is among the most deeply flawed in the world," the report said. "Indeed, it is essentially premodern."

Asia Watch also accused Chinese authorities of harassing many of the 40,000 Chinese students now studying in the United States. It printed one letter from a Chinese student who claimed security forces went to his parents' house in Hunan province and demanded a recent letter he had sent them regarding the June 4 crackdown.

After an all-night interrogation, his brother gave police the letter and police later investigated his family and previous letters, Asia Watch said.

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NEWS IN BRIEF

Californian device to help hunger:

Using an \$8 bicycle pump and spare parts, two California inventors have built a device to help save food and prevent hunger in the Third World.

Allen Dong and Roger Edberg, University of California researchers, developed a simple vacuum packer to preserve seeds and grains in under-developed countries.

Vacuum packing prevents damage from insects and moisture, major problems in developing countries.

The scientists said they wanted to donate the design to needy countries and were publicising their innovation to prevent anyone from patenting it.

The vacuum packer consists of a cheap pump in which the plunger is altered to reverse the flow of air. A hose connects the pump to a coffee can that acts as a vacuum chamber. (Reuters)

Plane crash kills 15 in Colombia:

A small Grumman twin-engine passenger plane crashed Monday killing 15 people, including employees of Hecol, a subsidiary of Shell Oil Co., the civil aeronautics board reported.

All the victims were Colombians, the board said. The crash occurred near Ibague, 81 miles (130 km) west of Bogota.

The Hecol Airlines Flight KJH-3315 took off from Neiva, 155 miles (250 km) southwest of the capital, at 9:05 am Monday, and was scheduled to arrive in Ibague at 9:30 am, authorities said.

The aircraft reportedly had bad weather near Ibague, the capital of Tolima state, and was sent to an alternate airport when it crashed in a rural area outside the city. (UPI)

Indicted for importing marijuana:

Four men were indicted on Monday for conspiring to import and distribute tonnes of marijuana and hashish from Jamaica, Colombia, Morocco, Lebanon and Thailand, US prosecutors said.

William Lamorte, Jacob Moritz, Favez Barade, and Harry Sunila were named in a six-count indictment unsealed late on Friday in Manhattan Federal Court. Moritz, Barade and Sunila have not yet been arrested.

Lamorte, who until recently lived in Connecticut was arrested in Rosemead, California on Friday. In addition to the New York indictment, he also faces drug charges in the northern district of California. (Reuters)

Garcia calls US aid to fight drugs:

Peruvian President Alan Garcia said on Monday that US aid of \$9 million a month to fight the drug trade was meagre compared to the enormous amount spent in US streets to buy cocaine.

"The United States must provide enough help to fight the drug trade because while cocaine is sold for \$100 million in US streets, Washington offers Peru only \$9 million per month," Garcia told reporters.

"It's ridiculous," he said. "The Upper Huallaga valley is an enclave of US drug consumers and they are destroying our possibilities of food production in that area." (Reuters)

Taiwan police crack deaf-mute gang:

Taiwan police have smashed a gang of more than 20 people, all of whom are deaf or mute, suspected of involvement in a number of robberies and thefts, the official central news agency said yesterday.

The gang included a Japanese and a black American, the agency said, but it only named three of the Chinese members.

Police confiscated bank documents showing the gang had assets of some 2.1 million Taiwan dollars (\$83,500).

Early last month, police cracked an illegal gambling ring made up of scores of deaf-mutes from all over Taiwan. (Reuters)

US man facing death

KUALA LUMPUR, Feb. 6, (UPI) — The first US citizen apprehended under Malaysia's harsh drug laws, which carry a possible death sentence, was rejected in his request yesterday that he be given an early trial because he is suffering extreme depression.

Kerry Wiley, 37, of Sacramento, California, was arrested last November for marijuana trafficking after police seized about one pound (474.5 grammes) of the illegal drug in a raid on his home in a residential district.

Malaysia's tough drug laws mandate the death penalty for anyone found guilty of drug trafficking, defined as possession of half an ounce (14g) or more of heroin or morphine, two pounds (900g) of opium or 0.4 pounds (200 grammes) of marijuana.

Karpal Singh, Wiley's lawyer, claimed his client was suffering symptoms of extreme depression and asked the court to advance the date of his trial.

Judge Shail Daud Isail refused to grant Wiley preferential treatment.

"Though it is best for the court to hear a case a few months after an accused is charged, unfortunately the law overtakes us," Shaik said.



Symbolic change

Berlin-born artist Peter Max carved a symbolic dove of peace into a section of the Berlin Wall in New York. Max inscribed sections of the wall as proposed to be auctioned at Christie's New York, with proceeds to go to economic and medical development in East Berlin. (Reuters wirephoto)

Music station bans black rap group:

The US black Rap Group public enemy has been banned from Canada's all-music video station because the lyrics of its latest record are considered anti-semitic.

John Martin, director of music programming for Muchmusic said on Monday, "we're not comfortable with promoting an act with the kind of anti-semitism this band promotes. Our position is that we choose not to play their music." (Reuters)

Nation's worst oil spill:

Joseph Hazelwood was in a bar for seven hours, ordering glasses of vodka, the day before his tanker Exxon Valdez caused the nation's worst oil spill, and he left the bridge before a tricky part of the voyage, a prosecutor said Monday.

But a defence attorney for Hazelwood told jurors the skipper's judgement was never impaired, that he showed no signs of drunkenness and was "calm, cool and collected as a captain should be" throughout the night and day of the accident. (AP)

Archdiocese excommunicates priest:

The archdiocese of Washington says Roman Catholics who belong to a dissident black priest's break-away African-American Catholic congregation face excommunication.

The announcement Monday follows the Rev. George A. Stallings' public break from the church. "By his public declaration that he has separated himself from the church and by his renunciation of church teaching, Father Stallings has excommunicated himself," the archdiocese said in a statement by Vicar-General William Kane. (AP)

Cyclone heads to ocean

SYDNEY, Feb. 6, (Reuters) — Tropical cyclone Ofa pounded the island of Niue for 18 hours, devastating the tiny South Pacific state, before heading into open ocean today where it was slowly weakening.

Staff at the Niue weather station said by radio no casualties were reported. In a telephone interview from the main town Alofi, constable Alan Makani said power and water supplies were cut by the storm.

Niue's only hotel, its hospital and the wharf area were wrecked, scores of houses lost their roofs and many of the island's 2,500 people lost their homes.

"It was much worse than our last cyclone in 1979," Makani said. "But no one has been hurt."

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giving full details of age, qualification, experience, salaries drawn, passport particulars, along with reference, telephone numbers and two recent passport size photographs.

Stationery Shop

for sale

Baker in Prague to bolster Czech democracy

PRAGUE, Feb 6, (Reuters): US Secretary of State James Baker arrived in Prague today, aiming to help Czechoslovakia make the transition from revolution to democracy.

Baker, the first senior US official to visit Prague since the Communist Party lost power late last year, was due to meet President Vaclav Havel later and deliver a major speech tomorrow.

A senior official on his plane said Baker would outline a US role in helping Czechoslovakia open its markets and would promise Washington's backing for Czechoslovak membership of international financial institutions.

"He will focus on the major question facing Czechoslovakia — the process of moving from revolution to democracy," the official said.

Baker will continue from Prague to Moscow, where he is awaited for talks which could be the superpower's first substantive discussions in decades on German unification.

The official confirmed what appeared to be an important evolution in the US position on German unification.

He said Baker reacted favourably to an idea raised by West German Foreign Minister Hans-

Dietrich Genscher that a unified Germany should be part of the North Atlantic Treaty Organisation but that Nato troops should not be deployed in former East German territory and that Soviet troops could even remain there.

"Genscher's proposal is a pretty good one. It is a way of maintaining the Nato structure and not having Nato forces further East... this will help serve the future structure and maintain security," the official said.

The German question loomed large when Baker met French Foreign Minister Roland Dumas at

dawn during a refuelling stop at Ireland's Shannon airport.

It has gathered new urgency since Soviet leader Mikhail Gorbachev recognised the inevitability of the unification process last week.

Baker will discuss unification with Gorbachev and Soviet Foreign Minister Eduard Shevardnadze during his four-day visit to the Soviet Union beginning tomorrow.

The official said the matter was urgent since there was an "extraordinary high probability" that East German voters would massively endorse unification in elections on March 18.

'Sieg heil' cry in Leipzig

Fear of Nazi revival

EAST BERLIN, Feb 6, (Reuters): A spectre of Nazism has returned to haunt East Germans as their crisis-ridden state plunges towards a prospect of unity with West Germany.

Hundreds of skinheads goose-stepped through Leipzig last night chanting 'Sieg heil' in a grim echo of the shouted allegiance paid to Hitler by his troops.

Their Nazi-style display seemed guaranteed to send a shiver of alarm through neighbouring states worried by the eventual emergence of a new superpower in the centre of Europe.

They were greatly outnumbered by over 100,000 peaceful demonstrators calling for German unity at the weekly Leipzig rally.

The former hardline communist state has embarked on an uncertain path towards democracy with free elections and a prospect of unification with capitalist West Germany.

The skinheads' violent racist rampage was the last thing East Germans needed to add to its economic and political turmoil.

"To hell with the Jews" they shouted as they smashed the windows of a cafe, injuring at least two people, and tried to burst into a hospital.

But unlike the Nazi brown-shirt stormtroopers they were clearly copying, East Germany's neo-fascists are small in number, disorganised and without public sympathy.

"In a crisis, nationalist feelings will always come up but they are very slight," said Jewish community leader Irene Runge.

East Germans are more worried now they are going to cope with the economic chaos widely predicted, whatever the pace of unification with their prosperous Western neighbours.

"I am afraid," a placard held by a blind girl in Leipzig read. "If we unite, unemployment will rise, everything will become



East German Prime Minister Modrow (left), leader of Christian Democrats Maizler (centre) and mediator between parliament and round table Peter Moreth talk to each other during the parliament meeting in East Berlin. (Reuters wirephoto)

more expensive and I won't ever find a job."

Having accepted unity in principle, East German leaders fear Bonn wants to force the pace and impose a quick monetary union, so taking de facto control of the economy.

Karl-Otto Poehl, head of the powerful West German central Bundesbank, is due to visit East Berlin to meet his East German counterpart Horst Kaminsky as well as East German Economics Minister Christa Luft.

Economists say West German politicians impatient for unification may be underestimating the immense problems that premature monetary union would throw up. Poehl has called for realism in what has become an emotional debate.

East Germany is desperate to

find a way of stemming the daily flow of around 2,000 people emigrating to the West, many young skilled workers, who are bleeding the economy.

It has already advanced its first free elections from May to March 18. On Monday Prime Minister Hans Modrow brought eight opposition figures into a new government of "national responsibility" intended to ensure stability.

But the political manoeuvring is unlikely to stop the rot.

A junior minister told the round-table forum of government and opposition leaders that industrial production had slumped to 1985 levels and that the country risked falling apart.

Luft said the issue of monetary union was so important it should only be decided by a referendum.

Gorby's sweeping changes attacked

Crucial central committee meeting opens

MOSCOW, Feb 6, (Agencies): Mikhail Gorbachev's sweeping proposals to change Soviet politics and the Communist Party structure came under attack today at a pivotal central committee meeting, participants said.

Some speakers called for further radical proposals to deal with the nation's problems, sources said. But hard-line politburo member Yegor Ligachev called for a careful review of the Soviet President's proposals, which would fundamentally alter the Soviet Union's system of government.

Gorbachev, party general secretary and president of the government, opened the two-day central committee meeting yesterday by proposing that the party abandon its guaranteed monopoly on power.

The session has taken on crisis proportions because of the worsening Soviet economy and a rise in ethnic unrest throughout the country.

US trader launches campaign

Buck for Gorby

MEDFORD, Ore., Feb 6, (Reuters): A US businessman appealed yesterday to Americans to support Soviet President Mikhail Gorbachev by sending at least a dollar each to the Kremlin leader.

Robert Forrest, a mortgage broker and president of a California gold mine, is distributing automobile bumper stickers which show a dove clutching dollar bills in its feet.

"Send a buck to Gorbachev," they read.

Forrest, 53, said the current political struggle in the Soviet Union between reformers and conservatives could go either way.

"If we could get an outpouring of support from all over the world, we might influence the outcome," he said in a telephone interview.

In his own letter to Gorbachev, Forrest said: "I want you to use that dollar to buy soap or bread or meat or milk or whatever it is that your people need that will help you succeed in your reforms."



Three Kremlin guards goose-step in front of Lenin's mausoleum yesterday during the changing of guard ceremony. (Reuters wirephoto)

Romania allays concern

Democracy

BUCHAREST, Feb 6, (Reuters): Romanian Prime Minister Petre Roman has sought to reassure the West that the ruling National Salvation Front (NSF) is firmly committed to democracy and free elections after four decades of hardline communism.

The Front, which took power after the overthrow of dictator Nicolae Ceausescu in December, regards itself not as a political party but as a non-ideological people's movement, he said on Monday.

Speaking to invited foreign journalists here, the prime minister tried to allay concern in the West that the NSF planned to return Romania to some kind of milder Communist dictatorship.

"You have no grounds to put this suspicion on our democratic situation," he told a questioner. "We think that only elections are the cornerstone of participation in political power."

"The fact that we accepted and even proposed the participation

of the other parties... (shows) that we are firmly engaged on the democratic process."

On Thursday the NSF agreed to share power with other political groups in a provisional council of national unity to lead Romania to its first multi-party elections on May 20.

"The Front has its legitimacy as an organism born of revolution," Roman said, referring to the NSF's role in governing the country since Ceausescu's overthrow and execution.

Roman, 45, an urbane figure in an open-necked shirt and red sweater, was adamant that the NSF was not a political party.

Despite the communist background under Ceausescu of many NSF leaders, he said the Front was not a communist organisation.

More than 200 merchant Romanian marine cadets launched a hunger strike today to press their campaign to gain civilian status.

"In the last five years, I have never bought a kilo of meat," Nicoleta's mother said, clutching a woolly jumper her daughter had got in her parcel.

"There is no milk in the village because nobody could afford to feed a cow after the state took all the land from people in Ceausescu's days," one peasant said.

"In a nearby village there is a cow, but what can you do with one ill-fed cow for 300 inhabitants?" asked Matei, shrugging his shoulders.

Matei said that for those who were fortun-

It follows the sweeping changes across East Europe that have radically altered formerly orthodox socialist governments allied with the Soviet Union.

Some speakers today criticised the platform proposed by Gorbachev, saying it was "based on old dogmas," said Alexander Fomin, a coal miner attending the meeting as a guest. He said they wanted further reforms.

There were not enough radical proposals to solve the party's problems," Fomin summarised the critical speakers as saying today.

A participant, Gen. Igor Kurenov, said Ligachev called in a speech for careful review of Gorbachev's proposals, which if adopted by the committee and a special party congress scheduled later this year would further shift the nation's power base from the party to the government. Ligachev criticised the leadership's policies but did not propose solutions, Fomin said.

Ligachev, considered an opponent of Gorbachev's efforts to reform Soviet society, last week came under attack in a newspaper for his conservative views.

Gorbachev made his latest proposal yesterday, saying "man and his well-being are put in the centre of the party's policy from now on and forever."

Soviet newspapers, radio and television gave prominent coverage to Gorbachev's speech, in which he said the communists must compete with others for the right to rule.

Central committee members were to vote today on a new party platform and discuss the Lithuanian Communist Party's decision last December to break off from the national party.

Participants in the meeting told the Associated Press they expected the committee to drop article 6 of the Soviet constitution in 1977.

Unlike previous speeches, in which Gorbachev justified his reforms with quotes from Soviet founder Vladimir Lenin, he gave only a brief nod yesterday to Lenin's legacy.

Gorbachev said the platform clearly rejects "ideological dogmatism, outdated stereotypes in internal politics, and old views of the world revolutionary process, of world development in general — everything that kept the socialist countries in isolation from the general flow of civilisation."

The Communist Party, he said, "intends to struggle for the role of ruling party, but strictly in the framework of the democratic process, rejecting any kind of legal or political advantage."

Gorbachev praised the armed forces yesterday for displaying courage and limiting bloodshed since being deployed in Azerbaijan last month amid what he called a coup attempt by extremists.

"The soldiers and officers of the army and the interior ministry troops displayed great responsibility before the people, courage and restraint; thereby preventing an escalation of bloodshed," he told a plenary meeting of the Communist Party Central Committee.



An ethnic Albanian holds the Albanian flag and flashes a victory sign during a memorial ceremony in Yugoslavia. (Reuters wirephoto)

Serbia not to give up an inch

No compromise over Kosovo

BELGRADE, Feb 6, (Reuters): Serbia, Yugoslavia's largest republic, has vowed not to surrender an inch of territory in its riot-ridden province of Kosovo where 29 people have been killed in clashes between police and ethnic Albanians.

"Serbia has had enough of treason and humiliation and will not agree to any compromise on the (Kosovo) issue," Slobodan Milosevic, President of the Serbian republic, said yesterday in an address to the republic's leadership.

Serbia was ready to send soldiers into the province to ensure "not an inch of Serbian land will be conquered," Milosevic said in his toughest comment since riots erupted last month.

The southern province of Kosovo, part of Serbia and regarded by Serbs as a historic focal point of their civilisation, groups some 1.7 million ethnic Albanians, mostly Muslims, who outnumber the 200,000 Serbs and Montenegrins, mostly orthodox Christians.

Kosovo's Albanians, many of whom feel kinship with the people of neighbouring hard-line communist Albania, have called for the resignation of the pro-Serbian local government, free elections and release of political prisoners.

Some of the ethnic Albanians have demanded that Kosovo be given equal status with Serbia and named Yugoslavia's seventh full republic.

But Milosevic, a Serbian populist, has rejected any compromise.

"Every home in Serbia is ready to move to Kosovo if the terror continues and Albanian separatists keep demonstrating in the hope of provoking bloodshed," he said.

More ominously he warned that Serbian vigilantes have volunteered "to go to defend Serbia."

Military helicopters and jets flew low over Pristina in a continuing show of power aimed at intimidating the ethnic Albanians.

He showed no sign of wanting to compromise with the two northern republics, both of which want Yugoslavia transformed into a confederation of equal states and staunchly oppose Serbia's support for strong centralised national control.

Slovenia, which broke with Yugoslavia's central communist party on Sunday, went so far as to recall its 2,000 policemen serving with the federal force keeping order in Kosovo.

But Milosevic hit back by accusing the northern republics of hypocrisy and being among those in the country who support "the terror in Kosovo and hit Serbia and Yugoslavia."

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Japan stars fade out

TOKYO, Feb 6, (Reuters): Far from the flag-waving crowds and loud-speaker vans of a ooisy election campaign, some of Japan's best known politicians have quietly retired, stars of a bygone age of bitter feuds within the ruling party.

For two decades, the beating rivalry between former Prime Ministers Takeo Fukuda and Kakuei Tanaka provided the main drama in Japanese politics.

Last month, when the government dissolved the Lower House to make way for Feb 18 elections, Fukuda and Tanaka relinquished their seats and left the stage together.

Solid Zenko Suzuki, a low-profile premier who quit the post in 1982 in the vain hope of putting an end to the vicious in-fighting between the Fukuda and Tanaka factions.

There was no era when government politicians struggled for power within the Liberal Democratic Party itself, rather than against a divided, ineffectual opposition.

The LDP's decline since the Recruit shares-for-favours scandal and the introduction of a deeply unpopular sales tax last year has muted the vicious infighting, at least for a time.

To the bad old days, one party faction would back an opposition co-confidence move against the leader of another faction, or pull out cabinet ministers from under a rival premier.

Although the LDP is expected to squeak in with a simple majority in the new 512-member assembly, the party can ill afford a resurgence of the internecine battles that erupted again and again in the past 20 years.

With the rise in the early 1970s of Fukuda, an elite bureaucrat, and Tanaka, a self-made construction entrepreneur with little formal education, LDP factions became increasingly defined by allegiance to a particular boss rather than by principles or policies.

Factional alliances were the only thing that really mattered in forming governments and hence to Japanese political life, since the LDP had held

No place to live

Tokyo land prices soar

OSAKA, Feb 6, (Reuters): Japan's opposition parties are trying to exploit voters' dismay at sky-high property prices to end 34 years of rule by the Liberal Democratic Party (LDP).

The steep rise in property prices, which have doubled nationwide in the past three years, means that many Japanese can no longer afford to live in the Tokyo metropolitan area. Koshiro Ishida, head of the number two opposition party Komito, charged last week.

"Tokyo is not alone. Property prices in and around this western industrial city rose at the fastest rate in the 1980s last year, soaring nearly 70 per cent. 'I want to buy an apartment, but to get one I'd be comfortable with I'd have to spend about 80 million yen (\$530,000), and I can't afford to borrow enough," said Satoshi Tanaka, 36, an employee at giant trading firm Mitsu.

The trouble is that there are too many people with too much money living on too little land.

Real estate speculation in and around Osaka has been encouraged further by booming construction spending on everything from a new airport to scores of roads and bridges.

Experts say that the average price of an apartment in the Kansai area around Osaka is likely to surpass \$6 million yen (\$345,000) this year, equivalent to 10 years' salary for most Japanese workers.

Land prices are a key issue in Osaka during campaigning for nationwide parliamentary elections on Feb 18. The elections present the LDP with the toughest test of its years in power.

Many political analysts expect the ruling party to retain control of the 512-seat lower house of Parliament, but say it may need the help of conservative independents to do so.

Opposition parties are blaming the property price boom on the LDP and its close ties with the business world.

The LDP is too close a friend of the big corporations that are speculating in land," said Masaya Makino, secretary of the Osaka branch of the Japan Socialist Party (JSP).

Kazuo Kinawa, a first-time Komito candidate in Osaka's fifth electoral district, where property prices have doubled, agreed.

"Tokyo capital is pouring into Osaka land," he said. "Big companies are borrowing to invest in land as if it were stock. It's a speculative bubble that could burst at any time."

power uninterrupted since 1955. More money poured into individual factions, rather than directly into central LDP coffers.

Bio Akao, a well-known activist in Japan's rightist movement, died of heart failure today, a hospital official said. He was 91.

Akao had committed almost daily for 35 years to central Tokyo's Ginza district, where he preached to the thousands of passing shoppers and office workers through a loud-speaker from atop a truck, painted with slogans such as "Japanese unite under the emperor."

chocolate, powdered milk, sardines, canned meat, instant soup and noodles.

"They have been here since this morning, waiting, and they have not slept all night, excited by the news that the lorry was coming," said headmaster Ion Matei.

Nicoleta's mother said her three children were abnormally small for their age because of malnutrition.

She said peasants, unlike town-dwellers, were not even allowed to have meat rations under dictator Nicolae Ceausescu, who was overthrown and executed last December.

ate enough to get hold of a bottle of milk, the black market price was 15 lei (25 cents at the unofficial rate), the equivalent of a peasant's wages for a 10-hour working day.

Eggs are another delicacy as there is no grain to feed hens.

Those peasants who raised a few chickens had to give the state 200 eggs each year. This was sometimes impossible for in Romania's harsh winter hens rarely lay eggs.

"If we did not fulfill the quota, the state agricultural co-operative would refuse to give

us the gas bottles we were entitled to, so we could not even cook a meagre potato soup for our children," a woman complained.

In Varbila, life appears to have stopped 200 years ago. Streets are uncobbled and there is no sewage system. People have to take water from wells and there is no doctor or pharmacy.

"The regional administration is totally illogical," Matei said. "Sick children from Varbila are not allowed to go to the hospital in the nearby town of Urdita, two km (one mile) from here."

Lack of basic food prevents Romanian children from growing to normal size

VARBILA, Romania, Feb 6, (Reuters): Standing in a mud-covered village street, Nicoleta, a chestnut-haired, green-eyed little girl is striving to bite into an orange as though it were an apple, giving it a curious look from time to time.

"She is eight years old although she does not look more than four, but the lack of basic food has prevented her from growing to the normal size," her mother said.

"She has never seen oranges, so she does not know how to eat them," she added, bursting into tears.

Nicoleta was among a group of more than 930 children from villages around Bucharest who got the oranges as part of an aid package from the French humanitarian organisation Medecins Sans Frontieres (MSF).

MSF collected 7,000 parcels of food, clothes, medicines and school books from Parisians and transported them to Romania with the help of the French post office, who loaned them 16 mail lorries.

In Varbila, 60 km (37 miles) northeast of the capital, children in shabby clothes were fighting to get a precious parcel containing

chocolate, powdered milk, sardines, canned meat, instant soup and noodles.

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"There is no milk in the village because nobody could afford to feed a cow after the state took all the land from people in Ceausescu's days," one peasant said.

"In a nearby village there is a cow, but what can you do with one ill-fed cow for 300 inhabitants?" asked Matei, shrugging his shoulders.

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ate enough to get hold of a bottle of milk, the black market price was 15 lei (25 cents at the unofficial rate), the equivalent of a peasant's wages for a 10-hour working day.

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Egyptian Ambassador to Israel Muhammad Bassiouny (left) meets with Israeli Foreign Minister Moshe Arens to convey his government's condolences over the attack on a bus of Israeli tourists in Egypt. (Reuter wirephoto)

League plan to stop Jew influx

TUNIS, Feb 6, (Agencies): The Arab League plans to send a delegation to the United States, Soviet Union and the European Economic Community to demand cuts in immigration by Soviet Jews to Israel, Arab diplomatic sources said.

The 22-member League's committee on the Palestinian uprising agreed late Monday to form the delegation at the request of Yasser Arafat, chairman of the Palestine Liberation Organisation, the sources said.

Arafat asked that the delegation make an "immediate" trip to Moscow and press authorities for guarantees that Soviet Jews will not settle in the Israeli-occupied West Bank and Gaza Strip, the sources said.

The Palestinian leader and League president Cheddi Klibi chaired the three-hour closed-door meeting between ministers from Algeria, Iraq, Jordan, Saudi Arabia, Syria and Tunisia.

Monday's gathering marked the first time the committee, formed to co-ordinate Arab strategy towards the uprising or "intifada" in the occupied territories, has met in more than a year.

The League and the PLO have been engaged in a campaign to pressure Moscow to modify its immigration policy. Israeli officials estimate as many as 300,000 Soviet Jews could arrive in Israel over the next three years.

The League and PLO fear many of them might settle in the territories captured by Israel during the 1967 war where the Palestinians hope to establish an independent state.

Cheddi Klibi told the meeting the influx of Jews from the Soviet Union and other East European countries would have a profound effect on the occupied West Bank and Gaza Strip, where Palestinians are in revolt to end Israeli occupation.

"The Jews of Eastern Europe, of all those in the world, are known to be the most enthusiastic for Zionism and the most fanatical and obstinate... the ruling

Likud Party will use all means to settle them in the occupied Arab territories to form a spearhead against all Arab resistance," he added.

Klibi suggested the Arab states use all their energies to confront Soviet Jewish immigration but gave no details.

The text of Arafat's speech to the closed session was not available but Klibi said the PLO chairman would explain and analyse the Soviet immigration problem and other challenges to the Palestinian intifada.

Arafat was also expected to brief the ministers on the latest moves to arrange the first Israeli-Palestinian talks in Cairo, diplomats said.

The State Department said there was plan to declare "illegal" the Jewish settlements in Arab lands that it now more mildly terms "obstacles to peace."

Spokeswoman Margaret Tutwiler, effectively denying a report earlier in the day by two syndicated columnists, said, "No. Our position has not changed. The Bush administration, as you know, has refrained from either referring to (the settlements) as legal or illegal. That has not changed."

He said the strikes were in part triggered by political infighting, and that was unacceptable.

"Managers must open the door of dialogue with true representatives of the workers. If they are right you must give them their rights," he told some 700 managers from all segments of the public sector.

Benjedid repeated a pledge that forthcoming multi-party elections on the local level, the first since independence, would be free and fair.

"I guarantee as the top official in the country that there will be free and effective elections to allow the Algerian people to exercise full democracy and freedom," he said.

Aden to allow press freedom

ABU DHABI, Feb 6, (Reuter): Marxist South Yemen plans to allow freedom of the press ahead of a planned merger with the conservative-ruled North, a United Arab Emirates (UAE) newspaper said today.

Al Itihad daily quoted South Yemeni Culture and Information Minister Ahmed Garhom as saying a press law would be passed in two weeks.

The law would guarantee press freedom and independence from the government and allow publication of independent newspapers that could be owned by individuals.

Aden, after years of headline Marxist rule, is liberalising its political system ahead of proposed unification with North Yemen later this year.

Chadli vows to end violence

ALGIERS, Feb 6, (Reuter): President Chadli Benjedid today vowed to crack down on violence that has shaken Algeria's emerging democracy.

In a tough, often angry speech to public sector managers, Benjedid also urged dialogue to end a recent wave of strikes he said threatened to destroy the national economy.

"It is necessary to put an end to and strike the fingers of those who want to violate the law," Benjedid said in apparent reference to recent attacks blamed on Islamic fundamentalists.

"The state has the potential to confront these elements."

Social unrest and violence have threatened to undermine sweeping reforms Benjedid launched last year to pull Algeria out of economic crisis and build a free, multi-party democracy.

The state has blamed Muslim extremists for recent acts of violence including a January 16 shootout in a courtroom in Blida outside of Algiers.

"There have been some excesses in the use of violence, both words and acts. We attribute these to the lack of experience, to the fact our society does not know the new democratic forms," Benjedid said.

"This does not mean the state is weak and cannot cope."

In his first comment on the violence, Benjedid appealed to all newly accredited opposition political parties to help ensure the success of the country's democratic experiment, one of the most ambitious in the Third World.

"It is the duty of all accredited parties to contribute to the emergence of real democracy and accept and abide by the rules of the game," he said.

In a matter of months Algeria has moved from a one-party state ruled by the National Liberation Front since independence in 1962 to a country of 20 parties and almost daily strikes.

Labour unrest has made it increasingly difficult for the government to implement plans to revamp the stagnant state sector inherited from two decades of socialist economic policy. An average of 250 strikes a month shook the economy last year.

"I am not against strikes, they are among the rights of workers. But... no one has the right to accelerate the destruction of the national economy. This is a crime, anything of the sort is treachery to the nation."

He said the strikes were in part triggered by political infighting, and that was unacceptable.

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Israel-Soviet ties soon

KUWAIT, Feb 6, (Kuna): The full diplomatic relations between the Soviet Union and Israel will be restored by early March and the United States is seriously working to achieve this as soon as possible, a local Arabic daily reported today.

Czechoslovak sources told the Kuwaiti paper that a senior Soviet official told Czech officials that the Kremlin leaders are more flexible towards this issue.

The sources also affirmed to the paper that Czechoslovakia received a report from Moscow on a secret one week visit to the Soviet capital by head of

the Israeli Mossad at the invitation of the Soviet intelligence.

The sources noted that this is the first visit paid to the Soviet Union by head of the Israeli intelligence since 24 years.

Head of the Israeli Mossad held talks with senior officers of the Soviet intelligence on security co-operation between the two sides.

The sources told the paper that the report also included the expected visit to Israel by several high ranking Soviet intelligence officers to continue talks on joint security co-operation.

Israeli troops seal Palestinian homes

Two shot in Nablus, Ramallah

OCCUPIED JERUSALEM, Feb 6, (Agencies): Israeli soldiers sealed rooms in two Palestinian homes today under a new policy allowing the blocking-up of houses whose residents are suspected of throwing stones in the Palestinian revolt against occupation.

The policy, which could affect hundreds of families in the occupied West Bank and Gaza Strip, drew immediate criticism from civil rights groups and liberal politicians, who said the measure amounted to collective punishment.

In the nearly 26-month uprising, the army has razed or sealed hundreds of homes to punish Arabs suspected of fire bombings or serious attacks. But the penalty was not usually used for stone throwing, the most common tactic of teenagers at the forefront of the revolt.

Also today, merchants in the West Bank town of Ramallah closed their stores to protest the death on Monday of 15-year-old Ayman Jubran who, according to Arab reports, died in a fall from a roof as he was chased by Israeli soldiers.

The army confirmed the death but denied that its forces were in the area.

In the West Bank city of Nablus, Mustafa Abed Kulab, 45, was fatally shot in the neck today, Arab reports said. Mustafa, a bus driver, was dead on arrival at Nablus' Ithad Hospital, doctors said.

The Arab reports initially said that Kulab was shot by Israeli soldiers, but more complete information indicated he was shot by an Israeli driver after his fuel truck was stopped.

The army confirmed the death but said its troops were not involved.

His death raised to 652 the number of Palestinians killed by Israeli soldiers or civilians since the Palestinian uprising against Israeli rule, began in December 1987.

In addition, 181 Palestinians have been killed by fellow Arabs, most on suspicion of collaboration with Israel. Forty-three Israelis have died.

The new house sealing policy was announced by Col Abaz Ben-Ari, the army's legal adviser for the West Bank. He said it was necessary because of the danger of stone-throwing.

"Because this phenomenon is

still deeply rooted and, lately to our great regret is on an increase, it was decided to widen this sanction for this phenomenon in an attempt to quell it," Ben-Ari told Israel radio.

According to army figures, at least 395 houses have been demolished or sealed since the uprising began. Al-Haq-law in The Service of Man, a Palestinian group that monitors human rights abuses in the territories, puts the total at 550 or more.

As Ben-Ari was announcing the new rules, the army said that troops had sealed rooms in two homes of suspected stone-throwers.

They included a house in Nablus, where a family member is accused of shattering the windshield of a car and injuring the Israeli driver, and another in Qalqilya, where a stone-thrower allegedly injured a border policeman, army reports said.

The new rule was immediately challenged by Parliament member Dedi Zucker of the left-leaning Citizens Rights Movement.

Arab nationalists killed three Palestinians, including a husband and wife, on suspicion they were aiding Israeli authorities, Palestinians said yesterday.

Jamil Al Baiyuk, 45, and his wife Intisar, 45, were hacked to death at their home at Khan Younis in the Gaza Strip. Near the West Bank village of Sinir, the beaten and stabbed body of Rafiq Muhammad Shawahna, 35, was found in a field two days

after he was kidnapped by nationalists.

Nine people were injured in the West Bank refugee camp of Tulkarm when supporters of rival Palestinian groups battled for hours with knives and stones, Arab sources said.

Local leaders intervened to separate members of the Islamic fundamentalists Hamas movement and nationalists supporting the Palestine Liberation Organisation.

Although rivals for leadership since the uprising began 25 months ago, nationalist-fundamentalist clashes have been rare.

In the Gaza Strip, Palestinian lawyers said they would boycott Israeli military courts for a week to protest against attacks by border police on Monday.

Fayez Abu Rahmeh, head of the lawyers' union, said police punched and spat at four Arab lawyers' outside the military court in Gaza City when they went to help an Arab man being attacked by a policeman.

The rightist Likud Party of Israeli Prime Minister Yitzhak Shamir will hold a crucial meeting on Middle East peace efforts next Monday, his office said today.

"I said that Shamir and his hardline rival Trade Minister Ariel Sharon agreed to reschedule a meeting of the 3,000-member central committee after postponing it over Sunday's killing of nine Israeli tourists on a bus in Egypt."

Iran executed prisoners: exiles

ATHENS, Feb 6, (UPI): An Iranian exile group said today that the authorities in Iran executed political prisoners even as a UN delegation visited the country to investigate charges of human rights violations.

The Baghdad-based Mujahedeen Khat' organisation, said: "The mullahs' regime executed some more political prisoners in various cities during and after the United Nations investigative mission's visit to Iran."

A delegation led by Reynaldo Galindo Pohl, representing the UN Human Rights Commission, visited Iran between Jan 21 and 30, at the invitation of President Akbar Hashemi-Rafsanjani, to investigate charges of human rights violations in Iranian prisons.

In a statement telexed to Athens, the Mujahedeen said those executed "had been tortured over a long period."

The exile group identified the victims as Ali Reza Tazehkandi, Ahmad Aghai, Reza Rastegar, Rahim Qadaksaz, Majid Parsiana, Razavi, Sayyed Ali and Hassan Safarian.

"The regime's guards arrested Sayyed Ali, a worker who supported the Mujahedeen, on Jan 19 in Tehran and executed him the same night," the statement said.

Saffarian, 48, a father of four "was also executed as a Mujahedeen supporter. He had been arrested in early 1989 and was brutally tortured for months," the exile group said.

Earlier, the Mujahedeen said Iran's ruling clerics carried out a massive operation on deception to mislead the UN delegation.

"Several days before the United Nations investigative mission was due to arrive in

Tehran, the regime's leaders ordered the mass transfer of thousands of political prisoners to different locations," the group said in a statement yesterday.

On Jan 12, or nine days before the UN team arrived in Tehran, "about 11,000 of Tehran's political prisoners were moved."

Quoting information received from inside Iran, the statement said "guards took some of (the 11,000 prisoners) to various prisons in Karaj," about 25 miles (40 km) west of Tehran.

"Some 6,000 to 7,000 more were kept in 26 train cars in unknown locations throughout Tehran province," and 200 to 300 prisoners "were crammed into each car."

The whole operation was planned to deceive Pohl's delegation and keep it from questioning prisoners on human rights violations in Iranian jails, the Mujahedeen said.

Iraqi satellite ready for launch

ABU DHABI, Feb 6, (Reuter): Iraq has built its own satellite and will launch it soon following last year's test of a career rocket, an Iraqi official was quoted as saying.

"I am pleased to announce the Iraqi space satellite is ready for launch," Amer Hamoudi Al Saadi, under-secretary at the Ministry of Industry and Military Industrialisation, was quoted as saying by the United Arab Emirates magazine Airforce.

Last December, Iraq launched a 48-ton, three-stage rocket, dubbed Al Abed (the worshipper), making it the first Arab country to possess such a home-produced ballistic missile.

Both the United States and Israel, which sent its jets to destroy an Iraqi nuclear reactor in 1981, expressed concern that Baghdad might use its new technology for military purposes.

Saudi described the US response as "unstudied and emotional."

"The magazine, to be published later this week, quotes Saadi as rejecting what he called western claims that Baghdad had foreign help to make the missile and satellite."

"In the beginning, we wanted such assistance but we found all doors closed in our face," he said. Saadi did not say which countries were asked for help.

He said Iraq started building the worshipper after the end of the Iran-Iraq war in August 1988. During the war, both sides attacked each other's cities with missiles.

"Concerning military uses, I can say that those who can send a missile up to such a distance can direct it to the target they want. But at present, we have no plans to use this system to achieve military goals," Saadi told the magazine.

Dutch, Belgian doctors missing in south Sudan

NAIROBI, Feb 6, (Reuter): Two doctors working for the medical charity Medecins Sans Frontieres (MSF) are missing in southern Sudan and thought to be in the hands of rebels, relief workers in Nairobi said today.

"According to two other MSF staff who were evacuated to Khartoum on Saturday, the two were taken by the SPLA (Sudan People's Liberation Army), who wanted doctors to help them with wounded rebels," one Nairobi-based relief worker said.

SPLA sources in Nairobi said they had no information about the Belgian and Dutch doctors, who were working in the besieged garrison town of Malakal, 600 km (400 miles) south of Khartoum,

until their disappearance last week.

The sources said they were making contact with SPLA commanders in the field to find out if they knew the whereabouts of Christine Van Haegenborgh, a 26-year-old Belgian, and Martin Ruppert, a 28-year-old Dutchman.

The two, who were working for MSF-Belgium, went missing in Malakal on Friday night, a day before they were due to be evacuated to the capital Khartoum because they were sick.

Malakal, the capital of Upper Nile province, is ringed by SPLA forces and diplomatic sources said the two may have disappeared during a rebel attack on the town.

Starving Afghan families reported selling children in exchange for food

KABUL, Feb 6, (Reuter): Afghans are starving in the northern provinces where locusts are devouring crops and some families are reported to be selling their children in exchange for food, according to a senior United Nations official.

In Herat, one of the affected areas, Governor Fazal Haq Khaliqyar said 25 per cent of the province's 1.3 million people were hungry. He denied they were starving.

He dismissed as nonsense reports that poor parents were selling their children to the rich as serfs to save them and the rest of the family from starvation.

Herat was racked by a severe food shortage and needed at least 5,000 tonnes of wheat every month for the next three months, the governor said.

The food shortage was forcing people to leave villages and head for cities or across the border to Iran, Michael von de Schulenburg, head of the UN Office Co-ordinating Assistance in Afghanistan (Unoca) said.

"They are leaving everything behind in search of food, not because of the war," he said.

For the past 11 years, US-backed rebels have been fighting to topple the Moscow-

backed government of Afghanistan. Soviet troops left Afghanistan last February after nine years of propping up the Kabul government.

In remote villages in Khorog-Shugnan in Badakhshan province, bordering Pakistan and the Soviet Union, villagers reported 80 people died of hunger in the past few months.

"In the vicinity of Saripul (in Jozjan province) there are reports some villagers are selling their children to serfdom because they cannot feed them," Schulenburg said.

He said he would visit Saripul as soon as

possible to look into the situation. The reports of child selling or deaths from starvation have yet to be confirmed by UN staff, Schulenburg said.

"This is only what we have been told by villagers but these are expressions of a certain degree of desperation."

There are urgent need for food and medicines to combat "severe famine conditions," in the northern provinces of Herat, Badghis, Fariab, Jozjan and Badakhshan, he said.

Heavy snow and poor visibility forced Kabul airport to close today, one day after it was hit by rebel rockets.

Indian Video Roundup

Of sweet dreams and shattering realities

By Fathima Ahmed

Arab Times staff
MAHESH BHATTI The name raises expectations, and hopes of good cinema. Awaargi does not disappoint you as he breezes through the film, stirring complex emotions, baffling, coaxing and often shocking you.

There is an intense hatred, compelling passion and an urgent appeal for compassion as Bhatti traverses the familiar, yet not so familiar, path of the eternal love triangle.

Awaargi's success lies in its hopeless quest for that most simple of human dreams — a home, a hearth and someone to call your own. That the protagonist does not get any of these is what fate decrees, with some help from the playwright, of course, sans contrivance or artificiality.

Bhatti's dashing hero is a born loser, a person who knows no language but that of brute force; a man who lives by the power of persuasion. He lives in an aura of self-proclaimed invincibility, and when a mere woman shatters his illusion, he breaks down, and reacts violently: the only truth in his life. Both his strength and vulnerability are crucial to the development of his character, finely etched by Bhatti's down-to-earth approach.

And the hero fails to see the futility of his quest — and his love, its tragic story of a man destined to give away the little pleasures in life to earn Meena's love, an elusive woman he adores and yearns for. Meena is the symbol of his dreams. For her, he is a mere friend. And what a tenuous relationship, inexplicable yet understandable, unbreakable yet brittle.

Bhatti's subtle handling of such emotional juxtapositions makes Awaargi, a madness that seeps through your very bones as the turmoil smolders before the volcano erupts, engulfing everything surrounding the trio — Meena (Meenakshi Seshadri),

Dhireo (Govinda) and (Anil Kapoor).

But Bhatti fails in the climax, stooping to the contrived tragic scenario that he could have done without. Awaargi's impact would have heightened if the protagonist had walked away into the night, leaving his hopes and love behind.

Annu Malik's lilting melodies, some imaginative choreography and Bhatti's deft handling of the subject are noteworthy. Awaargi is a powerful emotional drama, heightened by the subtle projection of tenuous relationships, handled with care.

Under Bhatti's direction, Anil Kapoor, Govinda and Meenakshi Seshadri perform with conviction, with just the right amount of dramatisation for good measure.

Zahreeley

Venomous! Yes, it is. Poisonous and smirky. And one hell of a job they have done to wake you from a deep slumber, as if you really needed a nudge to sit up. The point is, you can't sit down before the television for more than a few moments at a time to see the guts spilling out in every frame of the movie. But, then, Zahreeley's producers don't

pretend otherwise. They were out to get the kill — and they get it.

Violece reaches dizzy heights, as the ex-soldier, a taxi driver and a reformed criminal join hands. What a combustible combination they make. Every thing goes up in smoke! Whew! And not even a speck of dust, or a spot of blood touches them. That's what is known as action-oriented entertainment.

Sunjay Dutt, Chunky Pandey and Jeetendra share the stellar bonours for forming the "peace brigade" that fights in Shanti Nagar! Not a peaceful place, though.

Baap Numbri aur Beta Dus Numbri

A lengthy title indeed. One that promises comedy. Well, the tedious film had the makings of a hilarious movie, based on the two characters who are out to fleece the entire world. But the take off on comic capers boils down to nothing more than a sub-plot. There are moments of glee, especially with Kader Khan in a pick-pocket cameo, or when he is smitten by ghostly happenings in his home and runs for his dear life. And, one of the best

satirical pieces is about the hapless Indians boarding a boat to go to the golden land of Dubai. But such moments are few and far between.

The actual storyline concentrates on the "Dada" (street-smart guys) type characters, the tough guys who fight it out on the streets to survive in precarious situations, like fighting each other. In Hindi films, such stereotypes are a penny a piece, and a few more won't do any lasting harm. And something about good vs evil, and final redemption, are thrown in for good measure.

Kader Khan and Shakti Kapoor as the father and son are convincing in some sequences as they go through the "CKF" (choron ki file) documents to make quick money. Jackie Shroff, Aditya Pancholi and Farha are mere props, shifting from one fight to another, or one song to another, to achieve some higher, familiar ulterior motives.

The credits of "Baap Dus..." are funnier than the entire film put together.

The above films are by courtesy of Athari Video, Main St, Farwaniya, and Canary Video, Fisheries Bldg, Sharq.



Meenakshi



Chunky

Thank you

SRI LANKA Embassy wishes to thank all the ministers, undersecretaries, govt. officials, journalists, Sri Lankans and other guests, who attended the National Day Reception of Sri Lanka at the Holiday Inn Hotel.

NIGHT CHEMIST

Kuwait City
 Talal Pharmacy
 Al Hilali Street
 Granada Pharmacy
 Fahd Al Salem Street

Hawalli and Al Nagra
 Al Qatami Pharmacy
 Beirut Street

Al Salimiya and Al Rumaythiya
 Randa Pharmacy
 Salem Al Mubarak Street

Al Fahsheel and Al Ahmadi
 Al Badya Pharmacy
 Dahbous Street, Al Fahsheel

Jeeb Al Shuyoukh
 Al Madina Pharmacy
 Block No. 2

Al Jahra
 Al Nour Pharmacy
 Al Matafi Street



Japanese kite flying

Today the main event of "Japan Week 1990" will be the Kite Flying Show on the Green Island-Salmiyah. A Japanese kite expert will show you how professionals handle a kite. For more information contact the Japanese Embassy on 5312870.

Al Andalus
 Batman
 Salmiyah
 Hall Booked
 Al Hamra
 Rage of Ninja
 Drive-in
 Arabic film
 Al Firdos
 Bhai Ka Dushman Bhai
 Fahsheel
 Arabic film
 Al Jahra
 Brass Target
 Granada
 Arabic film
 Salmiyah
 Funny Family
 Jeeb
 Nowhere to Hide
 Almadhi Drive-in
 Arabic film

PRAYERS

Fajr 5.13 am
 Zohr 12.02 pm
 Asr 3.08 pm
 Maghreb 5.30 pm
 Isha 6.49 pm

TELEVISION PROGRAMMES

KTV 1

MORNING

9.30 Opening and Holy Quran
 9.40 Sabah Al Kher news
 9.50 Cartoon serial
 10.15 Magazine D'Actualite (repetition)
 10.30 Ghoraba Fi Al Madeena: Arabic serial (final part)
 11.30 Al Waad: weekly Beduin serial (part 6), starring Mohammed Al Abhadi, Sahar Sami, Yusuf Al Jamal
 12.25 News summary
 12.30 Sabah Al Kher final
 12.35 Holy Quran and closedown

EVENING

4.00 Opening and Holy Quran
 4.15 The World Today via Satellite (repetition)
 4.45 Saham Al Fadhla: cartoon serial
 5.15 Spencer, Arabic children serial (part 5)
 5.45 Night chemists, airlines and official advertisements
 6.00 Al Fareso Al Aashiq: historical serial (Final part)
 7.00 Varieties
 7.15 Housing and Citizens: local programme, prepared by the

National Housing Authority

7.45 Mmnuments and Islamic arts: cultural programme (part 5)
 8.30 Good Evening and local news
 9.00 News in Arabic
 9.45 The Television Network: local variety programme, prepared and presented by Abdul Rahman Al Najjar
 10.15 Al Laabon Fi Al Nar: Arabic serial (final part)
 11.15 Al Namround: Arabic feature film, starring Fareed Shawqi, Huda Sultan and Mahmud Al Mellaigi
 12.45 News summary
 12.50 The World Today via Satellite
 1.15 Holy Quran and closedown

KTV 2

6.00 Opening announcement and Holy Quran
 6.10 Scooby Doo: A cartoon series for children
 6.30 Danger Bay: "Shaughnessy Island" Nicole's romance with Corey threatens the establishment of a sealion observatory on a private island.
 7.00 International Outdoorman: "The Wind

Weapon"

Action-packed out-door live-action adventures that circles the globe, captivating the universal family audience...
 7.30 Growing Pains: "Home Coming Queen". Carnie is nominated to participate in the school beauty contest, but she decides to withdraw.
 8.00 News in English
 8.30 Top of the Hill: "A Bill Divided". Tim Bill attempts to claim a young girl from her mother upon the

request of the child's father.

9.30 The Science Edition. The scientific and technological revolution... A look at new applications of newly devised technologies...
 10.00 Cine Club. Presented by Farook Abdulaziz. "The Right Stuff". Starring: Sam Shepard, Barbara Hershey, Kim Stanley. Test pilots are recruited and trained as astronauts.
 12.00 News in brief
 12.15 Magazine D'Actualite



KTV 10 pm. Cine Club and "The Right Stuff."

More emphasis on food production

Priority to afforestation

COLOMBO, Feb. 6, (Kuna): Kuwait has launched many projects to make the country food productive and environmentally green, a senior Kuwait official said.

Ms Naima Al Shayji, senior advisor to the Kuwait Institute for Scientific Research (KISR), told Kuna in an interview in Colombo that many projects, mainly vegetables, that are suitable for dry climate have been launched in the past few years.

"We are now giving much attention to food production," said Shayji, who was in Colombo to attend the governors conference of the International Irrigation Management Institute (IIMI).

Greening

"Kuwait does not have any natural water source and our environment is also very dry. So we are trying experiments with products that are suitable for our climate," she said.

Shayji was elected governor of IIMI last June for a period of three years. Prior to being elected to IIMI, she was a member of the board of trustees of the Syrian-based international centre for agricultural research in dry areas for six years.

Shayji said experimental projects with barley and wheat are now being carried out. The KISR senior advisor said, the govern-

ment is also giving priority to make Kuwait environmentally green. "There has been a master plan in operation for the past two years towards this end," she said.

Every year, a week, beginning October 15, is declared Agriculture and Green Week, she said, adding that during this period, lectures, seminars and other communication methods will be used to make people aware of the importance of agriculture production and a clean environment.

She said being elected to a senior post in an internationally recognised organisation is a recognition of the talents of Kuwaiti and Arab women, in general.

Shayji had also held the post of director, external relations of the Rome-based International Fund for Agriculture Development (Ifad) for seven years and held many senior positions in Kuwait.

Marketing

Meanwhile the director general of Kuwait Agricultural Products Company Khaled Al Usman said that his company seeks to continue its policy of expanding and increasing its markets — specially the main markets at governments.

He added that plans are underway to obtain tenders called for by the state for the

supply of agricultural products and to develop external markets specially in West Europe to export surplus products. The committee is presently studying the feasibility of establishing foodstuff industries to absorb surplus products such as tomato and cucumber.

Usman said that the company extends all available facilities to farmers such as technical expertise, providing avenues to market their products in the local markets, cartons for packing and in general assists them in achieving the highest profits.

The company has a land transportation fleet to transport local products in the Gulf states and some European countries to meet the surplus quantities. The company has also introduced a new service which facilitates transporting vegetables and fruits to the houses of purchasers.

The company has presently five sheds located in Jabra, Hawalli, Capital and Ahmadi governorates, besides the Central Shuwaikh Market. It also has 43 branches marketing local agricultural products. The company determines the prices of local products on a daily basis and this is adversely affected due to competition of foreign imports, Usman said.

Invoicing system at MEW a success

THE current invoicing system of the Ministry of Electricity and Water (MEW) has proved to be a success and has put an end to the complaints of accumulation of electricity bills, Kuwait's former minister of the MEW, Abdullah Al Sumait told a local daily.

The ex-minister refuted the idea for increasing charges of electricity and water and commented that the well-being of people of limited income should be pragmatically considered.

He said that the government supported electricity and water sectors to upgrade the standard of living. However, he said that cheap charges of electricity and water consumption in Kuwait had led to excessive consumption and is considered to be the highest in the world.

Expansion

On the issue of transporting water by tanks, he said that it is a cause of several problems, including the discolouration, corrosion of water pipes, but, he said, tankers will be around for some time until the construction expansion to supply pipelines in some areas in the country have been completed.

On disruption of electrical power, the former minister said: "I believe that all necessary measures have been taken to avoid such power failures in the future."

He added that in normal circumstances, technicians of the ministry are quite capable of restoring power when the need arises. Foreign expertise is called in only in some specific instances such as installation of the power networks or the maintenance of such networks.

Commenting on solar energy, Sumait said that this source is one of the most important energy resources throughout the world. Solar energy research in Kuwait concentrates on the methods of collecting this energy and methods of converting it into power. He added that solar energy in Kuwait is very vital and should be handled diligently and expeditiously to upgrade the development process and enhance technical know-how.

Kuwait, in view of its geographical situation is in a position to viably exploit this source of energy and which can be utilised to meet partially the country's energy needs, Sumait said.

Kuwaiti envoy

KUWAIT, Feb. 6, (Kuna): Information Minister Sheikh Jaber Mubarak Al Hamad received at his office today the Ambassador of Kuwait to Austria Abdul Hamid Al Awadi.

Oil risk greater than nuclear energy: Gale

Doctor warns of destabilisation

By Jadranka Porter

Arab Times staff

THE Chernobyl nuclear disaster marks the start and not the end of the nuclear era and the nuclear risk of oil is greater than that posed by nuclear energy, Dr Robert Gale, the American doctor who is helping treat Chernobyl victims has said.

According to Gale a maximum of 40,000 cancer deaths could be expected over the next 50 years as a result of the Chernobyl accident. This is a fraction of nine per cent of the 600 million people expected to die of cancer in the northern hemisphere over the same period. Atomic tests alone are expected to result in 100,000 cancer deaths.

Although the consequences of the Chernobyl disaster are grave, Gale argued that they pale beside the disaster the world would face if there was a ban on nuclear energy.

"If you were to stop electricity production from nuclear energy tomorrow it will be the end of the world as we know it. It (the world) is already locked in a long inescapable tango," he stressed.

Power
 Developing countries can ill-afford to buy oil and nuclear power stations will mushroom in countries such as India and China. Even an economic power such as Japan, which imports all of its oil, is currently building 100 reactors, he added. "Twenty per



Gale... warning.

cent of the world, namely the Western countries, are consuming 80 per cent of the world's energy. This cannot go on forever. Developing countries are going to demand their fair share. It seems it (the situation) is out of our hands," Gale, professor at the University of California, said.

Dangerous

The American, who was invited by Soviet President Mikhail Gorbachev to help treat the victims of nuclear reactor explosion in Chernobyl four years ago, is currently in Kuwait to attend a symposium on breast cancer.

He spoke to the Arab Times before delivering a talk on Monday on energy strategies for the next century. He perceived oil

as more of a threat than an answer to the world's increasing demand for energy.

Oil, he said, is not only too expensive but also a destabilising force because foreign policies of countries are driven by oil dependence.

"Oil is politically dangerous. The nuclear risk of oil is greater than the nuclear risk of nuclear energy," Gale insisted.

Citing an example he said that the 1987 bombing of the US ship Stark by Iraq and shooting down of an Iranian airliner by the US fleet in the Gulf could have sparked a nuclear exchange between America and the Soviet Union.

"The US fleet is in the Gulf because of oil and either of these events (Stark and Iranian airliner) could have led to a nuclear exchange," Gale said.

He pointed out that twenty per cent of the world's electricity is coming from nuclear energy and the rate is going to increase. The solution, he said, is not to ban nuclear energy but to improve the use of technology.

Speaking of the risks of a nuclear war, Gale saw the greatest danger in diffusion of nuclear weapons to unstable areas such as the Middle East, South Africa and South America.

A joint effort by the United States and the Soviet Union is required to stop further diffusion of nuclear weapons and prevent a potential disaster, he stressed.

Maid arrested for stabbing employer

A FILIPINO maid has been arrested on charges of attempting to murder her employer by stabbing her several times with a knife.

According to police sources, the maid and the employer had a dispute on house duties that the maid was supposed to perform. The maid asked the employer to return her to the employment office and the employer asked her to reimburse KD300 paid for her ticket.

The maid getting enraged with the demand went into the kitchen and brought out a knife and stabbed the victim several times. Only, the timely intervention of other house help averted what could have been certain death, police said.

THE CRIMINAL court has sentenced a man in absentia to three years in jail with hard labour for stealing a mini pick-up truck from a local garage.

The court heard that the suspect requested the owner of the garage to turn the vehicle over to him claiming that the owner had asked for it. The garage owner however grew suspicious and refused.

The suspect left and reappeared after closing hours, broke into the garage and stole the vehicle.

The court ruled against him as he failed to attend the court session, which the court used as evidence of incrimination.

KUWAIT'S COURT of Misdemeanours has acquitted a video shop owner from a charge of selling pornographic tapes, a local daily reported.

The court was told the Ministry of Information inspector had seized the relevant tape at the man's shop, but the accused said although the tape was in his shop it was found in a locked drawer. He claimed that this tape might have been placed in the drawer by the former salesman of the shop who had already been dismissed.

The court decided to acquit the defendant because of a lack of incriminating evidence.

THE CRIMINAL court has recently refrained from pronouncing sentence against a defendant accused of forgery, a local daily reported.

The court heard that the defendant had entered the country with his own passport but he added a page of another passport to his own in order to show that he was residing legally in the country.

Although the court found the defendant guilty, it refused to pass sentence because of the circumstances surrounding the case and because the defendant came to Kuwait seeking employment only and because his actions hurt nobody.

Medical testing of new pupils Feb 17

THE director of the School Health Division at the Ministry of Public Health, Dr Hussain Al Momen, has said that the medical examination of all fresh students at various educational stages for this year will start at public and private schools on February 17.

He urged parents to accompany their children to the medical centres at their respective schools bringing along two recent photos, as well as the original copy of the child's birth certificate. A document showing the dates of vaccinations administered to the child, the school health file, health registration card of the family and a copy of the father's ID card are also necessary.

He said that upon receipt of the Red Card, document of TB tests, the health documents for school starters and the Public Civil Information blood group notification form, the lab forms would be signed, sealed and dispatched to the school health in charge in various areas on a monthly basis.

Moroccan envoy

KUWAIT, Feb. 6, (Kuna): Awqaf and Islamic Affairs Minister, Khalid Ahmad Al Jassar, today received Moroccan Ambassador to Kuwait Abdel-Wahed Bin Massoud.

First Gulf formaldehyde factory soon

PREPARATIONS are under way to establish the first Gulf factory for the manufacture of formaldehyde. The project will be shared by a number of companies and businessmen from Bahrain, Saudi, United Arab Emirates, Kuwait and Qatar.

The Bahraini-based newspaper "Akhhbar Al Khaleej" pointed out that the project capital is estimated at 2,700,000 Bahraini dinars and that it will be built in Bahariya area in Saudi Arabia.

The factory will start production in Dec 1990 at a first stage of 24,000 tons of formaldehyde production capacity. Formaldehyde is used as an

essential element in the manufacturing of several plastic industries in addition to other industries like fertilisers and packing.

A feasibility study prepared by the Gulf Organisation for Industrial Consultations stressed the importance of formaldehyde manufacturing in the area which is currently importing its needs from Europe and the Middle East.

The study added that the annual consumption of formaldehyde for the area is estimated at 9200 tons. Currently, only Iraq has a formaldehyde factory at a production capacity of 5,000 tons annually.

Technical auto testing project scrapped

International firm to take over

THE director of the Technical Testing Division at the General Traffic Department Lt Col Issa Jaseem Bo Rahmah has said that the ministry has decided to discontinue planning for the proposed technical auto testing project.

He told a local daily that the decision was taken following an all-round study of

the project which revealed that the idea would lead to the emergence of quite a few negative phenomena jeopardising the safety and security of vehicles and drivers.

Security

He said that the intention now, is to entrust a specialised international firm to

do the job and consequently a tender to this effect had of late been invited and proposals submitted.

He pointed out that the national cadres currently operating with various technical auto-testing division sites would be assigned to work under the umbrella of the firm to which the tender would be awarded to

ensure the fulfilment of the security and safety elements.

Upon commissioning the firm to operate in this field, it would be allowed to expand its services and open up new sections and branches to meet the increasing demand for its services, Bo Rahmah said.

NEWS IN BRIEF

OIC celebrations

KUWAIT, Feb 6, (Kuna): HH the Amir Sheikh Jaber Al Ahmed Al Jaber has dispatched Minister of Awkaf and Islamic Affairs Khaled Ahmed Al Jassar to Saudi Arabia to represent HH at ceremonies marking the 20th anniversary of the Organisation of Islamic Conference.

Jassar is to deliver a speech on behalf of HH the Amir in his capacity as current chairman of the organisation.

Craig arrives

KUWAIT, Feb 6, (Kuna): British Chief of Staff Air Marshal David Craig today held official talks with his Kuwaiti counterpart on military co-operation.

Craig and the accompanying delegation arrived here last night on an official two-day visit.

In an arrival statement the British official praised the existing relations between Britain and Kuwait and said that his visit aims at boosting such relations.

Craig was received by HH the Crown Prince and Prime Minister Sheikh Saad Al Abdullah Al Salem Al Sabah at his office in Bayan Palace today. The meeting was attended by Chief of Staff Major-General Mazayed Abdulrahman Al Sanea and United Kingdom ambassador to Kuwait.

Kuwait's Chief of Staff Major-General Mazayed Abdulrahman Al Sanea also received Craig and the accompanying delegation at his office.

The two sides discussed means of boosting military co-operation between the two countries.

Later in the day, Craig conferred with Kuwaiti Defence Undersecretary Faisal Al Daoud and the Defence Minister Sheikh Nayef Al Ahmed Al Jaber.

The meeting was attended by Kuwait's Army Chief of Staff Major-General Mazayed Abdulrahman Al Sanea, director of the Minister's Office for Military Affairs General Bader Bu Rosil and the British ambassador to Kuwait.

Envoys received

KUWAIT, Feb 6, (Kuna): Deputy Premier and Foreign Minister Sheikh Sabah Al Ahmed received at his office today the ambassadors of Oman and Pakistan to Kuwait Hilal Bin Salem Al Sayabi and Zahid Saeed respectively.

Talks during the two encounters dealt with bilateral relations between Kuwait and the two brotherly countries and means of promoting them.

Sheikh Sabah discussed also with the two ambassadors issues of mutual concern.

The deputy premier and foreign minister later received the Ambassador of Kuwait to the United States Sheikh Saud Nasser Al Sabah on the occasion of his visit to Kuwait.

GCC forum

ABU DHABI, Feb 6, (Kuna): The first think-tank of the Gulf Co-operation Council states resumes its second day of meetings with the participation of delegations from the six GCC member states.

The four-day forum, which started here last night, was inaugurated by Information and Culture Minister of the United Arab Emirates Sheikh Ahmed Bin Hamid.

National target

BAHRAIN, Feb 6, (Reuter): Bahrain, heavily dependent on expatriate labour but seeking more jobs for its own young people, has announced restrictions on the number of foreigners which private firms can recruit.

Labour Ministry officials said recently that 15 per cent of any new recruits for private firms must be future Bahrainis.

Labour Director Abdul Rahman Zayani said the directive was part of a plan aiming to double the percentage of Bahrainis working in the private sector to 50 per cent by mid-1994.

Saudi exhibition

DUBAI, Feb 6, (Kuna): United Arab Emirates Finance and Industry Minister Sheikh Hamdan Bin Rashid Al Maktoum will open tomorrow the first Saudi Industries Exhibition in Dubai.

The exhibition will be organised by Dhahran Exhibitions Company in association with the Exports Development Centre.

The exhibition comes within the framework of co-operation for boosting the foundations of the Gulf economy as well as the introduction of national industries and opening new markets for them abroad.



Perfume and cosmetics exhibition

A perfume and cosmetics exhibition featuring a wide array of products opened yesterday at the International Fair Ground in Mishrif. More than 70 companies are participating in the exhibition. Picture shows Assistant Undersecretary for Commercial Affairs at the Ministry of Commerce and Industry talking to exhibitors after he officially opened the exhibition. (Photo by Javed-Basra)

Telecommunications

Services improved and productivity heightened

HAVING a developed telecommunications system to cope with developments in international trade and relations as well as securing safety of staff is of paramount importance, Abdul Aziz Al Ayoub, undersecretary of the Ministry of Communications said in a key-note speech at the seminar of the International Marine Satellite Communications (Inmarsat).

Commenting that the world witnessed the largest and quickest development in marine satellite communications after the end of the Second World War, he said that Inmarsat organisation improved the space sector by adding more satellites and increasing their capacities. This led to the increase of ground satellite stations in the entire Arab world.

Ayoub added that Kuwait was the first to ratify the agreement of Inmarsat and began offering services of marine telecommunications from 1983. He said that Kuwait is not hosting the delegation of Inmarsat in order to get the maximum services of the satellite equipments offered by the organisation.

The delegation arrived in Kuwait in a vehicle that is equipped with the latest communication tools between land and sea and air and land in all the world.

The delegation of Inmarsat will explain the importance and nature of equipments in their vehicle and their role to facilitate the communications among different means of transportation.

Kuwait had submitted a working paper at the last meeting of Inmarsat related to the usage of equipments of marine satellite communications, Ayoub said.

Telephones

The past year was an active period for the Ministry of Communications which witnessed re-organisation of various departments to improve services and increase productivity.

The total number of telephone lines was increased to 317,000 and pending demand has reduced notably. Under the Customer Services Systems' project (CSS) computerised customer services were extended to more areas.

In the ministry's continuing effort to improve and expand telephone services a new digital exchange of 20,000 lines replaced the existing 10,000 lines at Riqqa and 10,000 digital lines were added to the existing exchange in Farwaniya.

New tenders were issued for the rehabilitation and maintenance of the telephone networks in various exchange areas.

Kuwait's Packet Switched Data Network (Kupac) was completed and the system is ready for commissioning in addition a modern training centre was established to impart training to the ministry's staff in computer applications fields and network technology.

In a related development, Mobile Systems Co. of

Kuwait has ordered extension of the cellular telephone system from M/s. Ericsson of Sweden. The system to be supplied is valued at \$44.5 million and consists of one AXE switch and 35 radio base station cells. The project will be completed in 2 phases, the first phase in February 1990 and the second in November 1991.

When completed the project will increase Kuwait's mobile telephone capacity from the present 25,000 lines to 45,000.

Mobitex

Mobile telephones have become a necessary tool in the day to day work for an increasing large number of people. Initially mobile telephones were developed and optimised for voice communication. New services like sending and receiving facsimile and data messages is being added to the list of innovative services possible through the use of the mobile telephones media. It is now possible to transmit data with the aid of modems by using the mobile telephones media and reach the public telephone system and data networks.

Mobitex is the name of a new system for mobile data communication intended for national and regional networks. The system is optimised for such applications as taxi companies, police, ambulance and rescue services, haulage companies, stock management, sales organisations, vehicles dispatching, using primarily text and data messages.

Mobitex offers quick and efficient data communication over the public mobile network. Subscribers can include a portable personal computer. The mobile unit communicates with base stations as in the mobile telephone network, which can then communicate upwards in a hierarchical chain of digital exchanges.

However, in the Mobitex network unlike mobile telephone network several functions have been moved downwards in the network and as such the base stations include functions for subscriber data administration. Like the mobile telephone network the Mobitex network allows subscribers to move freely throughout the area covered by the network while sending and receiving data.

The transmission technique used in Mobitex is that of packet switching. The text and data are divided into packets, which are labelled individually and then transmitted over the network. The order in which the packets arrive is immaterial since the packets are numbered. The packets are rearranged to form a message. Any missing packet is retransmitted.

The greatest advantage of the Mobitex network is that one radio channel can serve between 100 to 1,000 users compared to a normal mobile channel which usually manages between 20 to 25 simultaneous users.



Rqobah receives Sudan envoy

The Minister of Electricity and Water, Dr Homoud Abdullah Al Rqobah received at his office yesterday morning the ambassador of Sudan in Kuwait during which they exchanged friendly talks.

All that's stamped is real gold, says Mulla

ACTING assistant undersecretary for consumer protection affairs at the Ministry of Commerce and Industry Abdullah Al Mulla has said that the gold trade in Kuwait is a vital commercial activity for which a special code of practice had long been laid down.

He told a local daily that the ministry supervises this trade. The Jewel Branding Control receives gold and silver both imported and exported and certifies their purity.

He said that the Supply and Consumer Protection Department had in co-operation with this control examined 40 cases of contraventions which were later referred to the public prosecution for action.

Regular co-operation exists between the ministry and gold testing centres in France, England and Bahrain, the official said and added that the ministry pays undivided attention to qualify Kuwaiti youths to work in the field. A total of 100 inspectors have graduated from the Public Authority for Applied Education and Training.

He said that Jewel Branding Control had branded over the last year 30 tons, 113 kilograms and 177 grams of gold articles, 528 kilograms and 694 grams of silver articles and 7 kilograms and 13 grams of gold bullion. It also inspected gems, such as diamonds and other precious and semi-precious stones in a bid to ensure that they reflected the same properties and specifications detailed in the related bills.

He said that the control worked in close co-operation with the country's general customs department to inspect gems and gold articles brought in and exported from the country to verify their weight and specifications.

He said that legal measures established for goldware was 22, 21, and 18 carat and that goldware of 24 carat were of pure solid gold, whereas silverware measures include 925, and 800 but white gold (or platinum) was 950, which the ministry used in branding these articles to reflect their actual measures in legal internationally approved technology.

He urged gold or jewel buyers to ensure that the price of the purchased article was inclusive of the making charges, know the weight of the article, and obtain a voucher receipt for the article.

He pointed out that all goldsmiths had to issue receipts for the purchased articles, and that attempts to fraud or deceive buyers would be liable to penalty under the same law, whether by tampering with the article's weight or specification or measures.

India's beauty mogul in Kuwait

SHAHNAZ HUSAIN, recipient of "Udyog Ratna Award" of India for promoting India's image abroad in the field of herbal cosmetics, will be visiting Kuwait from Feb 7, 1990. She has a fabulous and fascinating range of beauty creams and lotions of their type in the whole world, and all her products are made from natural herbs, flowers and fruits and have a soothing effect on the skin.

Shahnaz Herbals is the largest herbal chain of its kind in the world. She has just completed a highly successful tour of Japan where the local media gave her impressive coverage and the people evinced keen interest in her products.

In recognition of her services to the promotion of Indian herbal tradition and export of herbal products, she was recently presented the award of "Indian Woman of the Decade."

Thai goodwill mission to leave for S. Arabia

Bid to repair relations

BANGKOK, Feb 6, (AP): Thai officials will fly to Saudi Arabia in an effort to repair relations frayed by the killings of three Saudi Arabian diplomats here last week, the foreign ministry said today.

A delegation was to leave for Saudi Arabia tomorrow, said an official at the ministry, speaking on condition of anonymity.

Deputy Foreign Minister Prapas Limpabandhu told reporters he would brief the Saudi Arabian government on the investigation into the murders and express concern over current relations between the two countries.

Following the killings, the Saudi Arabian government stopped issuing visas to Thais seeking employment in the oil-rich kingdom, where some 150,000 Thais

are employed. Thai authorities have been unable to solve the shooting death of a fourth Saudi diplomat in Bangkok in January last year.

The slayings, which may be related to the Thai labour flow to Saudi Arabia rather than international politics, have strained otherwise close ties between the two countries.

Prapas said he was carrying a letter from Prime Minister Chatichai Choonhavan to King Fahad.

Concern

Accompanying Prapas is police Maj. Gen. Chalor Kerdtes, who arrested a Thai charged with stealing jewellery worth US\$20 million from the palace of Prince Faisal Bin Fahd in Riyadh last year.

"We hope that when we inform the Saudi Arabian government of our intention to find the culprit as soon as possible and of our concern for the safety of its diplomats in Bangkok and what we have done so far, this will make the government understand Thailand better," Prapas said.

Foreign Minister Siddhi Savetsila said yesterday that Saudi Arabia regards the deaths of the three diplomats last Thursday as having badly affected relations between the two countries.

A Saudi Arabian foreign ministry official who flew to Thailand told Siddhi last Saturday that his government was very dissatisfied with investigations by Thai authorities into the murders of the diplomats last year and this year, Siddhi said.

Breast cancer

Expert predicts upsurge in cases

By Jadranka Porter

BREAST cancer is less of a scourge in Kuwait than in the West but it has been the most malignant tumour among women accounting for 22 per cent of all cancer cases among Kuwaiti women, according to Dr Arne Gjorgov of the Kuwait Medical School.

Speaking at the symposium on breast cancer on Monday Gjorgov predicted an increase in breast cancer incidence rate in Kuwait which, he said, is expected to follow in the footsteps of the developed world where the disease is found in epidemic proportions.

Scientists and doctors worldwide have been puzzled by the rise in incidence rate and are still struggling to determine the causes of breast cancer and arrest its upsurge.

Just as the health authorities in the US, for example, were announcing plans to reduce the incidence of the disease in the next decade it was revealed that the rate shot up in 1986 to 113 cases per 100,000 women, a rise of 41 per cent in five years.

Prevailing concepts and theories have so far done little to explain the problem of the disease which varies in terms of time, place and population situations, both internationally and within national boundaries, Gjorgov said.

Rates

In Kuwait, the epidemiologist explained, breast cancer is more



Dr Arne Gjorgov

prevalent among expatriates than Kuwaiti women. Among the Kuwaitis the incidence rate rose from 15.7 per 100,000 between 1974 and 1978 to 19.3 between 1983 and 1986. The corresponding figures for non-Kuwaiti women are 23.3 per 100,000 in the first period and 36 in the second.

This is contrary to the frequently observed trend according to which breast cancer incidence among migrant communities lags behind that in the native population.

The bulk of the new cases during the last 13 years, Gjorgov said, has been found mainly among the middle-aged women. Among Kuwaitis the most affected group was aged between 30 and 34 and among the expatriate women aged between 40 and 44 were most frequent breast cancer patients.



Kurashiga and Tsutsumi presenting their art.

Ikebana at Japan Week 1990

Saying it with flowers

By Jadranka Porter

WHAT saved ikebana, the traditional Japanese art of flower arranging, from fading into obscurity is that it was open to innovative ideas that ensured its transition into the contemporary world.

While two of the styles it hinges on, rikka and shoka, are largely traditional, the most recent free style has been introduced to give opportunity for personal expression and encourage creativity.

This has also made ikebana popular outside Japan as could be seen in Kuwait Monday when ikebana masters from Kyoto had to turn away some of those interested in their workshop that could take only 30.

Nobu Kurashiga and Yushin Tsutsumi of Ikenobo Society of Floral Art were in Kuwait to present their art during the Japan Week 1990 promotion.

No qualifications are needed for learning ikebana, they claim. "Anybody can do it because everybody can love flowers. We all need flowers in our daily life," said Kurashiga.

She admits to strong preference for buds, as opposed to blooms, at the Ikenobo school.

"Buds symbolise bright future," she said recalling the school of thought that insists that the anticipation of an event is more enjoyable than the event itself.

To demonstrate that ikebana can be practised anywhere the pair arrived in Kuwait with no materials or tools. This posed something of a

challenge when they were asked to produce a large flower arrangement at the fountain in the Regency Palace hotel reception hall. This is when Tsutsumi's innovative powers came to the fore and the two promptly headed not to a flower shop but to the Doha shipyard. There they picked up some teak wood used by show builders and on the way to the hotel got some palm branches.

With a bouquet of chrysanthemums and some lilies and amaranths they created an arrangement that became a showpiece of their skill. Although the arrangement drew admiration Kurashiga admits that while doing it they lost some of their customary composure and tranquillity that is part and parcel of their art.

"We were a bit ruffled. We used hammers and nails. It was a truly differential arrangement," explained Kurashiga.

Modernisation

But their headmaster Ikenobo Sen'ei, could he have seen them, would have been proud of his disciples. For Sen'ei himself is a great innovator. He took a bold step of modernising the shoka style, which now thanks to him is known both as traditional and contemporary. Sen'ei cares little whether one adheres to the traditional style or gives vent to his own imagination, but he insists on the arrangement's aesthetic value.

Like a poem or a painting, ikebana expresses both the beauty of flowers and the beauty of longing in our own hearts, he often tells his students.

ARAB TIMES

Thought for today

CONSTANT togetherness is fine — but only for Siamese twins — Victoria Billings, US journalist-writer (1945—)

OPINION

Tackled efficiently

IN the recent attack on the Israeli bus carrying tourists outside Cairo, the Egyptian President Hosni Mubarak alone behaved with wisdom and within the framework of the political game which abide by international treaties.

President Mubarak reacted positively to contain the incident — because what occurred did not represent the true Egyptian wish which strives for achieving peace.

A person other than the President could have been tempted to indulge in national issues which more often than not are for personal gains rather than for the highest interests of the nation.

If the attackers succeeded in evading security forces, it must be stated that the action was not Egyptian or even Arab, particularly when Egypt, Israel and the US are preparing to commence peace option talks.

This compels us to call upon Egypt to ensure the intentions of those who wanted to resume fraternal relations with Egypt and hope these sides have no hand in the attack and that Egypt remains aloof of any security penetration.

Arabs have expressed their wish to achieve peace and tranquility in the area. Forces desiring to install hurdles, are certainly mistaken if they think that Egypt is the place for such ventures. Egypt, who fought long years for its principles, will not allow the handful to benefit from continuous tension in the region and transfer their trading in nationalism to its lands.

We also hope that this attack was not carried by some of the Israeli hardline extremists who do not wish to achieve peace with their Arab neighbours and are not willing to concede a Palestinian national home for peace.

Once again we reaffirm that the Egyptian President behaved sagely towards the attack through his telephone contacts with officials in Tel Aviv. He also succeeded in focusing the attention of the entire world who are closely watching the peace process between Israel and its Arab neighbours to the important fact that the attack bore unmistakable signs of suspicions — certainly not Egyptian and perhaps not Arab too.

Ahmed Al Jarallah

De Klerk, Mandela put nerves to test

CAPE TOWN, (Reuters): South Africa's two political giants, President F.W. de Klerk and jailed nationalist Nelson Mandela, are waging a war of nerves as they edge towards the negotiating table.

Mandela's surprise rejection of South Africa's offer of imminent freedom has tempered some of the euphoria which greeted the President's landmark package of political reforms announced in an address to Parliament last Friday.

De Klerk took a giant leap towards reconciliation with the anti-apartheid movement by lifting the 30-year ban on the African National Congress (ANC) and offering to release Mandela within days from his life sentence for plotting to overthrow white rule.

But Mandela's wife Winnie said after a meeting on Sunday with the jailed ANC leader he would not accept freedom until South Africa's three-year-old state of emergency had been lifted.

Political analysts said Mandela's demands for further pre-conditions smacked of brinkmanship rather than a sign South Africa was about to lapse back into a political stalemate.

"I still think Mandela will be out in a week, or at the latest in two weeks," said Professor Willie Breytenbach, political scientist at Stellenbosch University.

"Mandela's release will bring an end to the time for pre-conditions. That time is effectively over," he told Reuters.

He added that De Klerk, who has yet to respond to Mandela, would probably bid his time and give Mandela his freedom shortly when he wanted to give his international image a further boost.

Stalemate

Professor Robert Schrire, political scientist at Cape Town University, said the prospect of a stalemate was still there if Mandela was determined to push De Klerk to the limit.

But he said he thought negotiations would resume shortly.

"If Nelson Mandela has changed the tone of his demands, it may complicate De Klerk's position. But I think this problem is going to be resolved very quickly," he said.

Schrire said the state of emergency, which gives South Africa's security forces sweeping powers, was receding as an issue in the debate between black and white leaders.

"There is sufficient provision on the statute books to maintain law and order. I think De Klerk kept the state of emergency as a sop to the right wing," he added.

Mandela has promised to release a statement soon covering his position on the state of emergency.

TODAY IN HISTORY

1554 — Troops under Sir Thomas Wyatt march on London.

1793 — Austria and Prussia sign alliance against France.

1816 — Simon Bolivar is entrusted by Congress of New Grenada with political and military control in invasion of Venezuela from Haiti.

1831 — Belgian constitution is proclaimed.

1920 — Admiral Alexander Kolchak is executed by Soviet communists.

1932 — Scandinavian countries, Belgium and the Netherlands agree to economic cooperation.

1944 — German forces launch assault on Allies' Anzio bridgehead in World War II.

1947 — British proposal for dividing Palestine into Arab and Jewish zones with administration as trusteeship is rejected by Arabs and Jews.

1962 — Coal mine explosion in Saarbruecken, Germany, takes lives of 298 miners.

1969 — Nigerian planes bomb and strafe crowded market in village in rebellious Biafra, killing more than 200 people.

1971 — US Apollo 14 astronauts speed toward splashdown in Pacific Ocean after their visit to moon.

1974 — Britain grants independence to small Caribbean island of Grenada.

1986 — Haiti's president-for-life Jean-Claude Duvalier goes into exile, ending 29-year family dynasty in that Caribbean republic.

1988 — Panamanian General Manuel Antonio Noriega says drug charges levelled against him in United States are "false" and "foolhardy."

1989 — Poland's Solidarity leader Lech Walesa says he will not press for completely free elections during talks with authorities.

Bid to move into Gaza City

Settlers asking too much

NEVE DEKALIM, Gaza, (Reuters): Jewish settlers who have built homes on the fringes of the occupied Gaza Strip now want a more potent symbol of Israeli control — a settlement in the heart of its largest Palestinian city.

"Looking at practical aspects, you have to see it as just coming home to the state of Israel," said Menachem Bethalakhumi, spokesman for the council grouping Israeli settlements in the Gaza Strip.

Such a settlement would undoubtedly be seen as a provocation inside Israel and abroad and would be unlikely to win approval from the present national unity government.

But Bethalakhumi said he already had a group of ex-soldiers volunteering to live inside sprawling Gaza city.

"They are a group of young people who after the army want to re-establish the Jewish community... we are interested in forming a neighbourhood in the city of Gaza," he told Reuters.

Settlers

Bethalakhumi said prospective settlers would have to prove their determination and gain acceptance by one of the organisations that start up new communities.

The move into the heart of a city of 150,000 Arabs would be bound to outrage Palestinians, whose resistance to 22 years of Israeli occupation exploded into a popular uprising that began in a Gaza refugee camp in December 1987.

But the settlers of Gaza see it as a logical extension of their programme.

"I think all the people who live here believe this is part of Israel," said Danyia Herskovitz, an activist for a settlers' organisation.

Herskovitz foresees a group of about 20 Jewish families taking over an apartment building in Gaza city. She does not consider the lack of land a problem.

Living standard

"I believe it will happen," she told Reuters. "The quicker the better for everyone. It can't go on."

The 3,000 Gaza settlers have a living standard to which few Palestinians — or even Israelis jammed in Tel Aviv apartments — could aspire. Having to live in fortified encampments is the price they pay.

At the newest settlement, Kfar Darom, a steel observation tower rises beside the guarded entrance gate. Triple rows of barbed wire reinforce the chain-link fence.

The nearby greenhouse are surrounded by an electric fence that carries signs showing a skull and crossbones under the words "danger, high voltage."

Gaza settlers drive between their 16 settlements

in cars with reinforced windows along roads continually patrolled by the army.

Although the next Gaza settlement, Dugit, has been approved for the spring, the resources of the 350 square km (135 square mile) territory are already overtaxed by 650,000 Palestinians.

Kfar Darom runs two water systems — one for drinking, a second for other uses — because the aquifer beneath the Gaza Strip has become contaminated with salt water through overpumping.

Fresh water

A new pipeline tapping into Israel's national water carrier, that runs from Lake Galilee in the north, is under construction to provide fresh water for more settlers and their greenhouses.

Despite the obstacles to moving into an area which is already one of the most congested on earth, the settlers believe they will eventually replace the present residents.

"Because there is a big problem here we think it is very important for Jews to settle in a place like this," said Ornit Gurvill, a 24-year-old mother who helped found the Kfar Darom settlement last October.

Although settlers in the West Bank and Gaza Strip now number more than 70,000, official backing for a settlement in the heart of Gaza city would seem unlikely.

Yet the case of Hebron, the largest city in the West Bank, could inspire settlers facing government opposition.

In April 1979 two dozen families suddenly moved into the centre of the Palestinian city. After 10 months the government gave them permission to stay.

More than a decade later the Jewish settlers are still in Hebron, surrounded by barbed wire and watched over 24 hours a day by Israeli soldiers.



Jewish settlers: nothing but trouble

Ethnic rift could mar relations

KOMOTINI, Greece, (AP): Centuries-old tensions are flaring in this long-disputed border region, threatening to poison relations between Greece and Turkey.

The imprisonment of two prominent ethnic Turkish activists has polarised the Greek- and Turkish-speaking communities, which have coexisted uneasily in the flat, fertile lands of Western Thrace since the decline of the Byzantine Empire.

In late January, Greek Christians attacked Turkish-speaking Muslim protesters in this provincial capital, then went on a rampage, shattering the windows of Muslim-owned shops.

The violence was the region's worst since Greece and Turkey made formal peace in 1923 after a century of intermittent wars.

The dispute over the 120,000-strong Muslim minority has plunged relations to their lowest point since the NATO allies nearly went to war over territorial rights in the Aegean Sea in 1987.

"The Muslim minority is the most dangerous issue between Greece and Turkey," said Yannis Valinakis, deputy director of the Hellenic Foundation for Defence and Foreign Policy, an Athens-based research institute.

"We are talking about a time bomb. This is something that won't just fade away."

Crossroads

Thrace, a rich agricultural region sitting at the crossroads of Europe and Asia, was taken from the Byzantine Empire by the Ottoman Turks in 1361.

Greece gained control of the part known as Western Thrace in 1920. After Greece and Turkey finally established their borders in 1923 and conducted an exchange of populations, the Turkish-speaking community in Western Thrace became the last reminder of centuries of Turkish rule of Greece.

Christians fear that the Turkish-speaking Muslims will try to seek union with Turkey.

The legacy of Turkish control is still obvious in Komotini, where byways to Allah play from minarets sandwiched between drab apartments.

Muslim women in traditional headscarves and black dresses fill the narrow streets of the town,

which is 100 kilometres (60 miles) from Turkey. The Turkish-speaking Muslims form a slight majority in Komotini and the surrounding villages.

But they claim they are targets of discrimination from the Greek-speaking Christians who dominate the local government and control the issuing of permits to buy property, put up buildings and drive tractors.

There are no laws establishing discrimination, but in practice this (equality) is not so," said Ahmet Sadik, 43, a Muslim activist, in a recent interview before his imprisonment.

The long-simmering tensions in Western Thrace surfaced last June when Sadik was elected to the Greek Parliament, strongly supported by state-run Turkish media.

Local Christians and national political leaders both charged that Sadik and Turkey were conspiring to increase Turkish influence in the region.

Sadik stirred pride and nationalism by referring to the minority as Turkish-Muslims — something forbidden under a 1987 Greek Supreme Court decision.

Greece considers the community a religious minority, rather than an ethnic one.

Sadik and another Muslim politician, Ibrahim Sherif, were convicted on Jan 25 of stirring up Christian-Muslim hostility and sentenced to 18 months in prison.

Demonstration

Outraged Muslims held a demonstration that was broken up by Christians shouting "go back to Turkey."

The Christians also protested that the Islamic minarets had broadcast a hymn a day earlier to Mohammed the Conqueror, the Turkish emperor who sacked Constantinople in 1453, bringing most of the Greek-speaking world under Turkish domination.

The ethnic unrest in Komotini prompted Turkey to issue strong protests to Greece and write to the UN secretary-general complaining that the minority was oppressed. Greece accused Turkey of intervening in a domestic affair.

Tension grew as Greece expelled the Turkish consul in Komotini, accusing him of inflammatory statements, and Turkey threw out the Greek consul-general.

The dispute came on top of long-running feuds between the neighbours over the future of the island of Cyprus and air and sea rights in the Aegean. Both issues have nearly led to wars.

The Komotini disturbances have touched on old Greek insecurities about the country that once ruled it.

"It is evident that (Turkey) is intensifying its efforts to organise the Muslim element," wrote Mihailis Dountas, the former ambassador to Cyprus, in the respected Athens political review *Anti*.

Threat

"The minority is steadily becoming a spearhead for Turkish expansionism and therefore a serious threat to our national security," he wrote, echoing a common Greek view.

Turkey says it simply wants to protect the interests of the minority.

Both Turkey and Greece agreed in the 1923 Treaty of Lausanne to protect the minorities remaining in each country from the days of Turkish rule.

But claims of oppression have been frequent on both sides.

In September 1955, riots erupted in Istanbul aimed at the prosperous community of 100,000 ethnic Greeks in Turkey.

Greece refuses to consider the Muslims ethnic Turks, but it recently acknowledged for the first time that the minority may have grievances that have been ignored.

To indicate its concern, the government promised after the Komotini disturbances to pump \$213 million in development aid into Western Thrace.

Mufti Metso Cemali, Komotini's Muslim religious leader, and Christian moderates have said the ethnic tensions will only be overcome with more development of the area, which is isolated from the large markets of Athens and Salonika.

Letters to the editor

Be accessible

SIR: Over the latter half of the last decade, the Indian embassy in Kuwait has been responding to the needs of the large Indian expatriate population of over 150,000 positively. The entire Indian expatriate population had wholeheartedly welcomed far-reaching reforms in the running of the embassy in the interest of the poorer sections which constitute almost 70 per cent of the expatriate Indian population. These have been in no small measures due to the persistent efforts made by the various community organisations.

To cite a couple of examples, the opening of the evening counsellor services, the embassy's preparedness to rise up to any crises such as labour disputes, hapless and destitute domestics who look up to the embassy as their last resort of salvation have all earned the appreciation of the Indian community in general.

However, this healthy state of affairs has taken a nose-dive since the middle of the last year with a change at the helm of the counsellor wing of the embassy. The poor construction workers, cleaners, the unskilled and uneducated employees who until then had free access to the highest authority in the counsellor wing, are now being treated as inconsequential and second-rate Indian citizens. These doors appear to have been closed to the destitute and down-trodden, and open up only for the select privileged few.

Even the Indian prime minister with all his heavy responsibility is easily accessible to the poor every day of the year. Is it then too much to ask of the senior embassy officials, whose very presence here is to cater to the needs of the Indian expatriate community, that they come down from their high pedestal.

In this regard, I would like to suggest the following. Any applicant seeking redressal or audience with a particular officer in connection with his counselling needs should not be shunted from pillar to post as is being done now and should have free access.

The senior officers in the counsellor wing should come out of their ivory towers to the counters to see and understand and solve the problems on the spot. This could be done during a specified duration of the day.

Many of the counsellor problems referred to the embassy drag on for inordinate periods. There should be a time-frame within which this should be solved.

An aggrieved worker,
(Name & address supplied).

Provide jobs

SIR: Let me bring this to the attention of the concerned authorities. In the heart of the city, on Mubarak Al Kabir street, every morning from 5.30 am to 11.00 am, there are hundreds of unemployed Egyptian and Iranian workers who stand waiting for some car to come and pick them up.

This has been the case for quite a while now. Though I pity their fate, still it is not a pretty sight to see scores of men running towards any car that comes and stops near them.

Kuwait is the land of the prosperous so why is there so much underemployment and why are these people unemployed? Shouldn't there be some kind of employment exchange that should register these people and find suitable jobs for them? After all people do come to Kuwait to work and have a better future.

I am not against them, but something must be done for them. There is something known as 'a sight for sore eyes' but this 'sight sores the eyes'.

This system of partial employment must be stopped and permanent jobs must be provided to them.

Sohail Javid Butt
Kuwait

Good show

SIR: I am a regular viewer of the series "The Silk Route of the Sea" on Tuesdays on KTV2.

This series is giving me a good knowledge of the sea route found centuries ago and also the knowledge about trades on these routes, their cultures and the history of the ports of several countries and I wish to convey my thanks to the KTV authorities for showing this excellent educational series.

But I saw that after reaching Dubai, the series went to Muscat and from Muscat to Karachi without showing other Gulf ports. The pearl trading was a thriving business in the Gulf and I don't know the reason why it was not shown.

H.S. Rao
Safat

ALL Letters to the Editor must contain the writer's name and address. Publication is at the discretion of the Editor and letters are subject to the editing process for space or other reasons.

Quote me

"I hope to heal in a hurry. I hope to return to playing. I hope to continue being a player. I do not even want to think about my life without soccer. Please don't ask me the usual question, don't ask me when I will return, I don't know." — Corriere dello Sport quoted Gullit as saying.

"How would history judge a generation that has all the means to feed the population of the planet and would refuse to do so in a blind fanaticism?" — The Pope asked in a keynote speech at the headquarters of the seven-nation West African Economic Community.

"After the leaders of the (Christian) eastern enclave refused to take part in President Hiriawi's administration, we see no point in our participation in that cabinet because it failed to become a government of national reconciliation." — a Falange Party statement on the withdrawal of George Saadeh from Hiriawi's cabinet.

"This wild exodus is directed against more than one front and is taking various forms that leads us to believe that there is a new aggression being waged by world Zionism against the whole Arab nation." — a Saudi newspaper on the Jewish exodus to Israel from the Soviet Union.

"In the name of children, women and elderly, stop the massacre, have mercy on the civilians who are shivering in shelters without electricity and water." — a Beirut radio announcer on the Aoun-Geagea showdown.

Art Buchwald

Car phone becomes addiction

LIKE so many people, Robert Shown acquired a cellular phone in 1990. This came as a surprise to his friends because Shown hates phones and he never answered his calls in the past. There is no doubt that Boh is enjoying his new toy. I know this because he called me four times in one day.

"How is every thing with you?" he wanted to know.

"That's a stupid question, Boh. Why are you calling?"

"I got this new car phone and I have to ring somebody."

"You never telephoned when I need you," I told him. Now I hear from you all the time."

On hold

Boh sounded defensive. "Can I help it if I prefer to call from my car? I just don't like doing it from the office."

"If you have to talk to someone, why don't you call your wife?"

"She isn't taking my calls any more. She took her telephone off the hook two weeks ago."

"Surely you have some business buddies you can get in touch with," I said.

"I do," he answered. "But most of them are putting me on hold. They figure any one who calls from a car phone doesn't have much to do. Give me a break — talk to me for the next three blocks."

"I ran out of things to say after you went through a red light on K street last week. Boh, you should have thought of how many people would answer your calls before you bought the telephone."

"I did, but the ones I counted on let me down. You would think they'd be eager to converse with someone who was gridlocked in front of the White House."

"They are, but sometimes your phone fades out on them. Boh, and that can be very annoying."

"Who told you that my phone faded out?" Boh asked.

"Michael Kahane. He said that every time you ring him up, you pass a dead spot and he can't hear a word you're saying."

"He's just making it up. I am known to everyone because of the clarity of my calls."

"Boh, I have to go. Joe Califano is calling me from his car and he gets nervous when I leave him hanging."

"It's okay with me. I'm going to be busy. I have to

dial the weather service and then 911 and after that the 800 number to order cut-rate Pavarotti records."

"You'd be better off forgetting the phone and listening to your radio."

Cellular

"You don't understand, a cellular phone has to be used. I keep looking at it and I know that there is someone out there waiting to hear from me. May be I'll call information in San Antonio."

"Do you know anyone in San Antonio?"

"No, but it would be nice to find out how many Shouns live in Texas."

"Tell me, Boh. Have you ever made a call that couldn't wait until you reached the office?"

"I don't think so, but I've made many to people who were terribly impressed when they found out that I was calling from my car. Once you have a phone in your automobile, others respect you for who you really are."

"That's probably true. Can I go now?"

"Okay, but you better take my car number if you get the urge to talk to me."

"Why would I want to do that?"

"To thank me for using AT&T."

Los Angeles Times Syndicate

BUSINESS & FINANCE

Bonn budget for East Germany set off unity spending spree

Kohl backs talks on German currency union

BONN, Feb. 6, (Reuters): West German Chancellor Helmut Kohl said today he favoured immediate talks with East Germany on setting up a currency union between the two countries.

He was speaking after meeting members of his Christian Democratic Party (CDU) parliamentary faction.

"The West German government is prepared to enter into immediate negotiations with East Germany on a currency union with economic reforms," he said.

Kohl said his cabinet would discuss the proposal tomorrow. West Germany's powerful Bundesbank Central Bank opposes the rapid creation of a currency union between West Germany and the collapsed East German economy as

premature. Karl Otto Poehl, president of the Frankfurt-based Bundesbank, repeated his objections today after meeting his East German counterpart, Horst Kaminisky, in East Berlin.

In a currency union, East Berlin would effectively cede power over many of its economic policies to Frankfurt even before the two states merge.

West Germany plans to spend nearly seven billion marks (\$4.2 billion) in its first budget for East Germany to rescue the country from collapse, Finance Ministry sources said today.

The budget, expected to be presented on Feb. 14 as a supplement to the federal budget, could trigger a major spending spree to finance reunification,

economists said. This prospect dominated trading today on Frankfurt's stock and bond markets, with shares rising on hopes of big company profits ahead and bond prices tumbling on fears the spending spree could spark higher inflation and interest rates.

Senior ministry sources said Finance Minister Theo Waigel's plans for East Germany would boost Bonn's budget deficit in 1990 to 33.5 billion marks (\$20.3 billion), 6.6 billion marks (\$4 billion) more than planned.

"This is just the tip of the iceberg," said Glenn Davies, joint chief economist at Credit Lyonnais Securities in London.

The supplementary budget will be presented when East German Prime Minister Hans Modrow visits Bonn on Feb. 13



Helmut Kohl and 14 for talks with Helmut Kohl. Both men hinted at a business conference in Davos, Switzerland, last weekend that major new steps for Western aid to East Germany would be announced during the visit.

Economists agree West Germany has no choice but to spend more on East Germany if it wants the two states to unite.

Some fear Bonn's commitments might prove difficult to finance if they snowball.

"This is a situation unique in West Germany's history," one finance ministry source said.

"The seven billion marks (\$4.2 billion) budget is no problem for the capital markets," said Dietmar Viertel, chief economist at merchant bank Trinkaus und Burckhardt in Dusseldorf.

"But there are fears that these commitments will grow strongly in the next years," he added. Bonn's biggest outlays are 2.15

billion marks (\$1.29 billion) to subsidise the exchange rate for East Germans visiting West Germany.

Another two billion marks (\$1.20 billion) are set aside as an emergency fund to help East Germans immigrating here.

"You simply can't calculate now what one might need later for the immigrants," one source said, adding that Waigel hoped not to have to draft another supplementary budget this year.

East Germans are so bitter at the foot-dragging pace of political and economic reform in their country that up to 2,000 are arriving in West Germany every day.

The budget also includes allocations for improving transport links, rescuing East Ger-

many's environment, promoting small company investment and providing low interest rate credits and vital humanitarian aid.

East German Economics Minister Christa Luft asked the Bonn government on Monday for up to 15 billion marks (\$9 billion) of grants, double the size of Waigel's supplementary budget.

West Germany is lucky to have a booming economy, with growth forecast at more than three per cent this year, to boost tax revenues that can finance some of the extra spending.

But higher tax revenues cannot hope to keep pace with what West Germany may have to spend on East Germany, meaning that the government will have to issue more bonds. (See Page 12)

Dollar dives again

LONDON, Feb. 6, (AP): The dollar finished lower against most major currencies in European trading today, depressed by broad interest in the West German mark and worries about large US treasury bond sale later in the week.

Gold was lower. The dollar was quoted at 1.6570 Deutsche marks this afternoon, down from 1.6670 late Monday in London.

In Tokyo, the dollar fell 0.70 yen to close at 144.90 yen. Later, in London, it was quoted at 145.10 yen.

Dealers said confidence in the dollar has been shaken by uncertainty over Japanese interest in sales of 10-year and 30-year treasury bonds on Wednesday and Thursday.

However, they said the primary action in the market has been a broad return to marks after a bout of short-dollar covering against the West German currency in afternoon dealings.

"There was a bit of a short squeeze" on the dollar, said John Wastell, a corporate dealer at Bank of America in London. "But we expect the dollar to stay under pressure. The covering has cleared room for fresh selling" against the mark.

While the dollar weakened against the yen, dealers anticipate the US currency will remain firm in the run-up to Japanese national elections on Feb. 18.

WORLD STOCK ROUNDUP

SYDNEY, Jan. 6, (Reuters): Stocks ended slightly firmer with trading listless due to the absence of solid leads from overseas. The All Ordinaries index rose 2.3 to 1,668.9.

TOKYO: Prices closed firmer but off their high after profit-taking replaced bouts of index-linked buying by investors. The Nikkei 225 index rose 35.42 to 3,166.43.

HONG KONG: Improved sentiment led a small rally in share prices, with the Hang Seng index gaining 36.22 to close at 2,792.89. Turnover rose to 753.57 million HK dollars.

SINGAPORE: Shares closed firmer but below their highs. Trading was active in a number of technical breakdowns in the morning. The Straits Times industrial index rose 6.47 points to close at 1,582.70.

BOMBAY: Shares ended lower even though state-owned investment trusts prevented the market from an early slump sparked by skirmishes on the India-Pakistan border.

Money inflow drops to IMF

WASHINGTON, Feb. 6, (AP): The International Monetary Fund collected \$3.07 billion more than it lent out last year, a drop from the \$5.4 billion of 1988, according to figures made available Monday.

One of the biggest sources of lending to the Third World, the fund has been criticised in recent years because it has been taking in more than it puts out at a time when poor countries are in financial trouble.

"The figures suggest that on a global basis the fund is still sucking more money from developing countries than it is putting in," said Richard Feinberg, vice president of the Overseas Development Council, a private study group.

"So it's worsening rather than improving their financial resources."

But he added that some well-financed countries — he named Mexico, Bolivia and Guatemala — are getting more from the fund than they are paying out.

In an interview, Feinberg agreed with international monetary officials in attributing the inflow to repayments from big loans the fund made in the early and mid-1980s.

Iran to export gas to Moscow

NICOSIA, Feb. 6, (Reuters): Iran said today it was ready to begin exporting eight million cubic metres (282 million cubic feet) of gas a day to the Soviet Union in April.

"From April 1, eight million cubic metres of gas will be exported to the Soviet Union subject to the Soviet Union's readiness," Tehran radio quoted the director of the state-owned national gas company as saying.

Iran has previously said exports would start at two million cubic metres (70 million cubic feet) and rise to three million cubic metres (105 million cubic feet) after a year. The radio report, received in Nicosia, did not elaborate.

Lower production likely to drive up prices

Opec cuts oil output sharply

BRUSSELS, Belgium, Feb. 6, (AP): Opec nations cut oil production sharply last month but they still weren't able to bring the flow down to their newly imposed output limit, according to estimates released today.

The International Energy Agency said in its monthly oil market report that the 13 Opec nations produced an estimated 23.3 million barrels of crude a day in January, about 700,000 barrels below the previous month's level.

"The bulk of the output reduction occurred in Saudi Arabia, Kuwait and the United Arab Emirates," the report said.

The ministers of the Organization of Petroleum Exporting Countries last November set their output ceiling at 22 million barrels a day for the first half of this year. It had been 20.5 million barrels a day in the last quarter of 1989.

Analysts had expected the producing nations to rein in production even more in January to try to meet the new production cap.

"Although Opec's crude oil output in January has been well above the expectations based on the new production ceilings set by Opec, the oil market has not yet shown any significant indications of oversupply," said the energy agency report.

Nick Antill, analysts at the London firm of County Natwest, said he had a "strong suspicion" that this month's output would show "little change" from January. He said there has been "no serious effort to cut" back on production.

But Pierre Terzian, editor of the Paris-based newsletter Petrostrategies, predicted production would be higher in February. "It is increasing... that is undeniable," he said.

Oil prices soared early in January but have slipped some since then.

The average price of a basket of crude oils monitored by Opec was recorded at \$19.56 a barrel in the last week of January. It reached \$20.46 in the first week of last month.

Despite the decline, the price is still well above Opec's target of \$18.

West Texas Intermediate, the benchmark American crude, has been trading in the range of \$22 to \$23 a barrel.

Some analysts believe key production countries, like Kuwait, want to keep prices around the \$18 mark partly to discourage non-Opec countries from muscling in on their share of the world oil market. High prices would attract more producers. Lower production would likely drive up prices. Strong production would tend to

weaken them.

The energy agency report estimated demand for Opec oil would shrink from an estimated 22.7 million barrels a day in the first quarter of this year to 19.8 million barrels in the second three months.

Total world demand was estimated at 53.9 million barrels a day in the January-March period and 51 million barrels in the April-June period.

The report estimated production by Saudi Arabia, the world's largest crude exporter, at 5.3 million barrels a day last month, in line with its individual output quota for the first half of the year.

Production by the United Arab Emirates was estimated at 2 million barrels a day in January, well over its cap of 1.1 million barrels.

The report set Iran's supply at 2.9 million barrels a day in January and Iraq's at 3.1 million.

Japanese told to buy oil directly

Nippon to buy more crude from S. Arabia

SINGAPORE, Feb. 6, (Reuters): Saudi Arabia is urging Japanese refiners to buy its crude oil directly in an effort to get at least one foot in Japan's lucrative oil refining and retailing market, oil industry sources said today.

Most Japanese refiners currently buy Saudi Arabian crude either through Mitsubishi Corp., a large Japanese trading house, or the major oil companies. During a visit to Japan last month, Saudi Arabian Oil Minister Hisham Nazer told Japanese firms it was the kingdom's intention to avoid intermediaries and have direct deals with the refiners in the future, the sources said.

"At this moment they don't intend to push us to change our supply route but in future it is their intention to start direct deals with us," said one Japanese refiner.

He said Saudi Arabia sees direct deals as a way to expand its relationships in the refining and distribution, or downstream, market and secure stable outlets for its crude.

"There will be no significant change in the near future but there are many possibilities for them to expand business here," he said.

During talks with Japanese oil firms in January, Nazer asked for suggestions for joint ventures to handle refining and marketing, sources said.

Japan's Ministry of International Trade and Industry (MITI) has told Saudi Arabia and Kuwait on several occasions that Japan will allow them to participate in downstream activity in exchange for a stable oil supply and concessions to explore for new oil in their countries.

Japan, which imports more than 90 per cent of its crude oil, restricts foreign investment in the oil business to protect domestic refiners and distributors.

However, ongoing MITI deregulation of the industry may pave the way for either oil producers or majors to join

in the downstream business, Tokyo oil industry sources have said.

But refiners who have close links to major oil companies may prefer to continue purchasing Saudi crudes through them, at least for the time being, because they are more flexible about the grade of oil supplied.

Nippon Oil Co Ltd is increasing its purchases of Saudi Crude through Caltex to 140,000 barrels per day (bpd) in 1990 from 50,000 bpd in 1989, oil industry sources said. Almost all the traditional volume supplied by Caltex will be Saudi Arabia's light or extra light Berni crudes, they said.

"When we have direct deals with Saudi Arabia we have to lift about 40 per cent of heavy type crude," said a refiner. The light Middle East crudes are in strong demand, particularly in winter when Kerosene for heating is expensive.

Industry sources said Cosmo Oil Co Ltd, which currently buys 20,000 bpd of Saudi crude through Mitsubishi, intends to sign a direct contract with Saudi Arabia in the near future.

"But Cosmo will have to terminate their arrangement with Mitsubishi so this move has to be co-ordinated," said one source.

Idemitsu Kosan Co Ltd started buying 50,000 bpd of Saudi crudes directly on January 1. It also stopped its liftings of 30,000 bpd through Chevron Corp and decreased its purchases through Mitsubishi by 50 per cent to 20,000 bpd.

Mitsubishi now has a contract to buy 80,000 bpd of Saudi crude on behalf of six Japanese refiners. Kyodo Oil Co Ltd has a separate contract to buy 50,000 bpd of Saudi crude.

Lawson joins aircraft leasing firm

SHANNON, Ireland, Feb. 6, (Reuters): Nigel Lawson, who resigned as British Chancellor of the Exchequer last October, joined the board of Guinness Peat Aviation today as the Irish-based company announced a 63 per cent jump in nine-month profits.

Lawson, who quit the British cabinet after a row with Prime Minister Margaret Thatcher over economic policy, is to become a non-executive director of the company, the world's biggest aircraft leasing firm.

It was the second job taken up by Lawson in the private sector within a week. Last Thursday he joined Barclays Bank as a main board director and part-time advisor.

Tony Ryan, the 47-year-old aviation magnate who founded Guinness Peat Aviation 15 years ago with just \$50,000 of share capital, hailed Lawson as "one of the world's foremost economic and financial thinkers."

Lawson's appointment coincided with the announcement that the group's net profits for the nine months ended December 31, 1989, had jumped 63 per cent to \$17.4 million.

Revenues were up 72 per cent at \$1.25 billion and earnings per share at \$3.10 were up 51 per cent.

Last April the group announced the world's biggest ever commercial airline deal, an order for 300 jets worth an estimated \$1.7 billion.

Multimillionaire Ryan has an 8.1 per cent share in the privately-owned company whose shareholders range from the Irish state airline Aer Lingus to Japan's Mitsubishi Trust Bank and the Prudential Insurance Co. of America.

It now leases \$3 billion worth of aircraft around the world. Its portfolio comprises more than 200 aircraft on lease to 64 airlines in 35 countries.

A pressure refuelling system and various other fuel valves.

A.M.I. of Colorado Springs, Colorado for crew seats.

■ Lucas Avionics of Maple Heights, Ohio, for starter generators.

■ Gulfstream Aerospace Technologies of Oklahoma City, Oklahoma, to design, tool and manufacture wings. Engineering design and technical support will be provided by Gat's parent company Gulfstream Aerospace of Savannah, Georgia.

■ Garrett engine division of Allied Signal Aerospace Co. of Phoenix Arizona, which

\$560m Alba loan to GIC-group

THE terms of the mandate recently awarded by Alba to the GIC co-ordinated group for the \$560 million loan are as follows. A final maturity of 10 years and 13 equal semi-annual repayments commencing 4 years from signing.

The interest margin will be 3/8 per cent per annum over Libor for the first 3 years and 1/2 per cent per annum for the remaining 7 years.

A commitment fee of 0.15 per cent per annum is repayable on the available portion and 0.10 per cent per annum is payable on the designated unavailable portion. A front end fee will be paid to each participant in the loan dependent upon the level of participation.

In addition to the \$560 million commercial loan, there will be export credits provided by various countries totalling approximately \$475 million. These export credits will also be available to the lenders in the \$560 million loan.

The banks in the mandated group are Gulf Investment Corporation (GIC), Arab Banking Corporation (ABC), Arab Bank Limited, Bank of Tokyo, Banque Paribas, Industrial Bank of Japan, Mitsubishi Bank, National Commercial Bank (Saudi Arabia), Riyad Bank, Sumitomo Bank and Manufacturers Hanover. Major roles are as follows: GIC — Information Memorandum, signing ceremony; ABC — agent, documentation; Manufacturers Hanover: Bookrunner, publicity.

The bank announced in the newspaper Romania Libera that with effect from February 1 the tourist or non-commercial rate for the lei had been devalued by 58.38 per cent to 21 to the dollar from 5.74.

The commercial rate was devalued by 32.24 per cent to 21 from 14.23 to the dollar.

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Algeria to speed up economic reforms

ALGIERS, Feb. 6, (Reuters): Economy Minister Ghazi Hedouci painted a grim picture of the Algerian economy today and vowed to speed up reform of the public sector.

"We want to speed economic reforms essential to confront the continued and generalised regression of economic parameters," he told a conference of public sector managers.

President Chadli Benjedid launched sweeping reforms of the public sector in the mid-1980s, scrapping central planning and introducing market mechanisms.

But the reforms have met resistance from entrenched interests and a wave of strikes since political liberalisation last year.

Hedouci said inflation was rising too fast and spoke of growing impatience at the slow pace of economic reform.

"It is no longer a question of debating the necessity of economic reforms or their content. The question of the hour is applying them," he said.

A planning council report presented to the conference said gross domestic product (GDP) rose 2.8 per cent in 1989, about the same as in 1988.

But the rise was due largely to improved world prices for Algeria's main exports, oil and gas, and masked a 2.7 per cent drop in non-hydrocarbon industrial production.

Overall output excluding hydrocarbons and agriculture rose 0.7 per cent compared with a five per cent target. Investment needed to revive the economy fell 1.5 per cent instead of the projected 5.6 per cent growth.

"Results from the year show our objectives were in general not reached," the report said.

Inflation hit 13 per cent, "despite the freeze in products of necessity and the increase in goods available." Price hikes have been fuelled by decontrol measures linked to the reforms, a gaping budget deficit, excess liquidity and black market speculation.

The reforms aim to turn Algeria's 459 state enterprises — nearly three-quarters of which lose money — into independent profit centres, but only 240 have so far become autonomous.

For 1990 the government targets GDP growth of 4.6 per cent, an investment hike of 5.1 per cent and a 5.2 per cent rise in production outside the agricultural and hydrocarbons sectors.

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Bush offers rosy assessment

US in excellent economic health

WASHINGTON, Feb. 6, (AP): President George Bush said today the United States is in "excellent economic health" and will experience "strong, sustained economic growth" for the foreseeable future.

Bush offered the rosy assessment in the first annual economic report he has submitted. A summary of the message was released at the White House after Bush signed the document at an Oval Office ceremony.

The report broadly spells out the economic principles that Bush said will guide his administration. After dispatching the report to Congress, Bush left on a three-day trip to the west in an effort to boost public support for his \$292 billion defence budget amid demands from opposition Democrats for steep spending cuts.

In his report, Bush said, "our excellent economic health will allow us to build on the successes of the 1980s as we prepare for the next century."

"I am confident that the United States can enjoy strong, sustained economic growth and use the fruits of that growth to raise living standards, solve longstanding problems, deal with new challenges and make the most of new opportunities," Bush said.

The President said that since the end of the 1981-82 recession, the United States has experienced the longest peacetime economic expansion in history, with the creation of 20 million new jobs.

"The containment of inflation during this long economic expansion is a milestone in postwar US history," the summary said.

"Despite our successes," Bush said, "we cannot be satisfied with simply sustaining the strong record of the 1980s. We must improve on that record, deal with inherited problems and meet the new challenges and seize the new opportunities before us."

He said his primary goal was "to achieve the highest possible rate of sustainable economic growth."

Bush pledged to try to reduce government borrowing by slowing the growth of federal spending. He said economic growth would raise revenue to balance the budget and then reduce the national debt.

He also said he would support "a credible, systematic monetary policy programme that sustains maximum economic growth while controlling and reducing inflation."

In addition, Bush promised to remove federal barriers to investment, saving and innovation and work to "avoid unnecessary regulation."

The President said the United States would "continue to lead the world to free trade and more open markets, and to support market-oriented reforms around the world."

Meanwhile the government said today that worker productivity slowed in the last three months of 1989, winding up a year with the smallest gain in the hourly output of goods and services since 1982.

Some analysts said the report may set the stage for steeper inflation ahead.

In its report on productivity and costs, the Labour Department said worker output decreased by 0.2 per cent in the quarter and the number of hours worked fell by 0.4 per cent — the first decline since the second quarter of 1986 — while hourly pay jumped by nearly 7 per cent. It also warned consumer prices are on the rise.

Mergers at record levels

NEW YORK, Feb. 6, (UPI): Foreign acquisitions of European companies hit record levels last year as US, Japanese and European firms snapped up 2,175 targets worth at least \$50.1 billion, a consulting company said Monday.

Noting an apparent acceleration in what it termed a "corporate

A bright decade for gold investment

Buyers can expect a good return on their investment

NEW YORK, Feb. 6, (UPI): The 1990s will see a bull market in gold, but investors should be aware that they need to proceed cautiously if they want to make money on the precious metal, analysts say.

John Brimelow, a gold specialist with Keane and Associates in New York, said Americans who are thinking about investing in gold should be especially cautious because the major action comes from the Far East and, to a lesser extent, Europe.

"The bull market in gold has started, but the only people who are totally confident about it are the technicians, the people who follow the charts," Brimelow said. "The market is rigged from overseas. The Americans are spectators rather than participants."

Brimelow said gold has always been attractive to investors because of its

rarity and the high value placed on it. "Gold's always been a volatile substance," he said. "It is poorly understood, even by those who follow it for a living. Investing in it requires a very strong stomach. But it will always attract people because most of the world regards gold as a form of money. It's what people are most interested in."

In 1934, Congress passed the gold reserve act, prohibiting Americans from privately owning or exchanging gold coins and bullion because of a gold reserves crisis.

President Ford signed a law that went into effect Dec. 31, 1974, once again allowing Americans to own gold.

Gold reached a record price of \$850 an ounce Jan. 21, 1980. It declined to \$282 Feb. 25, 1985, the lowest price in

5-1/2 years. The current price for gold is about \$410 an ounce.

Analysts indicated that gold would move toward the \$500-an-ounce mark during the decade.

"I think we could see the \$500 or \$510 level tested this year and maybe break through," said Brimelow. "Whether it will make it is another question."

James Horne, a professional numismatist in Atlanta, said gold buyers can expect a good return on their investment, if they are willing to be patient.

"Gold is not something I would put my money into and try to make a quick buck on," said Horne. "It's like any other investment. You've got to use money you're not going to need next week."

"Some people buy gold coins and come in the next week and try to sell

them back because they need the money. You're never going to get ahead that way."

Horne said he sells gold bullion coins like the American Eagle, Canadian Maple Leaf, Australian Nugget and South African Kruggerand.

South Africa began minting small quantities of the Kruggerand for domestic purposes in 1967. It was the first coin in modern times to contain one ounce of pure gold. The coin contains a tiny amount of copper to give it hardness, which accounts for its distinctive burnished colour.

The Maple Leaves were introduced on the gold market in 1979 and the American Eagles in 1986.

"I don't think it matters much which way you invest your money," Horne said. "I'm an American and I like to see the American product sell. But I also

want my customers to get the most for their money. Kruggerands are known world-wide, and they have held their value well over the years."

Horne said he buys Kruggerands for \$395, or \$15 under spot value, and sells them for \$420.

Gold also can be bought in a variety of different shapes and sizes, ranging from tiny wafers to 32-ounce kilobars worth more than \$10,000 each.

Buyers who want to avoid turning their homes into Fort Knox should consider depositing their gold either in a safe deposit box or with a reputable financial institution. Horne estimated 90 per cent of his customers use safety deposit boxes.

Many investors said the most cost-effective way to buy gold is to purchase shares in a 100 per cent gold bullion mutual fund. The US gold trust invests

solely in bullion bars and American Eagle bullion coins and works like other mutual funds.

Harry Bingham, executive vice-president of the gold fund in New York, said gold appears to be on the upswing in the 1990s, "but 10 years is a long time."

"The 1980s were not good years for gold," said Bingham. "Gold is basically a hedge against bad currency. Gold is becoming one of the alternative currencies."

"During the 1970s, people were worried about the value of paper money itself. That caused gold to go up. The other good period for gold was the 1930s. People felt paper was bad because it was deflating, securities instruments and banks were failing."

Rosario Ilaqua, an analyst with

Nikko Securities Inc. in New York, said he sees gold prices rising during the 1990s. There seems to be "some mysterious relationship" between the price of gold and the price of oil, he said.

"I can't figure it out, but there is a definite relationship between oil and gold prices," said Ilaqua. "My feeling is that both are on the up side."

Many analysts expect the rate of inflation to go up in the decade followed closely by the price of gold. They also cited price fluctuations depending on the political climate in other parts of the world, pointing to the rally of gold prices late last year during the upheavals in Eastern Europe. Consumers can obtain information on gold and investing by contacting the Gold Information Centre in New York City. (212) 688-0474.

World Bank loans for Philippines

WASHINGTON, Feb. 6, (UPI): The World Bank yesterday announced \$390 million in loans for the energy sector of the Philippines.

One loan, for \$200 million, will help finance power expansion investments by the Philippines' National Power Corporation.

With the loan's help, a 300-megawatt coal-fired power plant will be built at Calaca, 46 miles south of the capital of Manila, and a total of 965 megawatts of capacity will be added to plants in the islands of Luzon, where Manila is located, and Mindanao, and in the Visayas archipelago. Geothermal-energy resources will also be developed, and new transmission lines and facilities will be built.

A second loan, for \$150 million, will help the Philippine National Oil Company participate in geothermal-energy development and remove bottlenecks in the nation's refineries.

The third loan, for \$40 million, will support the efforts of several government energy agencies to strengthen their investment, procurement and monitoring operations.

The World Bank said that investments supported by the three loans are expected to result in an additional 2,260 megawatts of generation capacity. Of that total, about 610 megawatts will be provided through geothermal sources.

Meanwhile, the World Bank group yesterday announced \$55 million in loans over three years to a regional development bank serving seven West African nations.

Currency rates

KUWAIT, Feb. 6, (Kuna): Following are the international currency rates as quoted by local banks and announced by the Central Bank of Kuwait today.

	Buying	Selling
US dollar	0.2995	0.2980
Sterling	0.49020	0.49000
DM	0.17350	0.17360
Sw. Fr.	0.19360	0.19390
S. ryal	0.01115	0.01164
Yen	0.0002338	0.0002366
Japan	0.001990	0.002012
Bah. dia	0.76780	0.77150
UAE Dir.	0.07879	0.07921
S. ryal	0.07115	0.07157
Q. ryal	0.07948	0.07993
O. ryal	0.75150	0.7557

Interest Rates

KUWAIT, Feb. 6, (Kuna): Following are the average K.D. interest rates of local interbank transactions as reported by participants to the Central Bank of Kuwait today.

Period	Bid	Offered
1 month	8-3/8	8-5/8
3 months	8-3/8	8-5/8
6 months	8-7/16	8-11/16
1 year	8-7/16	8-11/16

EXCHANGE RATES

Indian rupee 0.17230
 Sri Lanka rupee 0.07340
 Pakistani rupee 0.01700
 Bangladeshi taka 0.009300
 US dollar 299.600
 Pound sterling 495.700
 UAE dirham 0.79900
 Deutsche mark 1.75700
 Japanese yen 0.02020

Dubey in Iraqi talks

Official seeks quick repayment of debts

BAGHDAD, Feb. 6, (AP): A senior Indian Foreign Ministry official began talks with Iraqi government ministers today on rescheduling Baghdad's debts and other bilateral issues, an embassy spokesman said.

Muchkund Dubey, Secretary in the External Affairs Ministry, met with Iraq's Minister of Transport and Communications, Mohammed Hamza Al Zubaidi, and Oil Minister Issam Abdul Rahim Al Chalabi, said the spokesman, speaking on condition of anonymity.

He said Iraq's \$500-million debts to India were the main issue of discussion on Dubey's agenda. Iraq owes an estimated 30 billion to foreign creditors, borrowed during the 1980-88

war against Iran. India is seeking a quick repayment of the debts, mainly incurred by several construction projects in Iraq by Indian companies during the 8-year Gulf war with Iran.

Dubey also held talks with Deputy Foreign Minister Nizar Hamdoo and is expected to meet Latif Nussayif Jassim, Minister of Information and Acting Foreign Minister, during his three-day visit.

Foreign Minister Tariq Aziz is in Tunis for an Arab Foreign Minister's meeting.

Iraq last week scrapped a major contract with an Indian railway company due to the lack of funds to pay the firm, which operates the 560-kilometre (347-

mile) railway linking Baghdad railway to the southern city of Al Qaim.

Al-Zubaidi visited New Delhi last week to inform Indian officials about Iraq's decision to terminate the contract not due to economic difficulties.

India, which has the biggest rail network in the world, is to build one of Iraq's major railway projects. The new 500-kilometre (310-mile) railway line will connect Baghdad with the southern port city of Basra through key cities along the Tigris river.

Iraq has another railway line linking Basra to the capital along the Euphrates, but a second line is needed to meet the increasing imports through the Gulf ports.

Iran to invest \$3.2b

Petrochemical plants

NICOSIA, Feb. 6, (Reuters): Iran said today it planned to build four new petrochemical complexes at a total cost of \$3.2 billion over the next five years.

Tehran Radio said \$1 billion had already been invested in a \$1.5-billion petrochemical complex in Arak and \$200 million in a \$250-million plant in Isfahan, both in central Iran.

Another plant in the northeastern province of Khorasan would cost \$450 million and a billion-dollar complex would be built in Tabriz in the northwest.

The radio quoted Ahmad Rahgozar, director of the National Petrochemical Company (NPC), as saying the national five-year plan set total hard-currency investment for the industry at \$4 billion, more than half of it through foreign credits.

Some 140 billion rials (\$2 billion) at the official exchange rate in local currency would also be spent to expand the petrochemical industry, he added.

Iran, a major oil producer, has given high priority to developing its relatively small petrochemical industry in the five-year plan finally approved by parliament last week.

The plan allots the industry \$2.2 billion of the total \$2.7 billion of foreign credit it authorises the government to seek to finance major projects.

The NPC will repay its share by delivering about

20 per cent of the products of the new plants to foreign creditors in the first six years of their operation, Rahgozar told Tehran Radio, monitored in Cyprus.

He said the NPC had produced more than two million tonnes of petrochemical products since the Iranian year began last March 21, a five-fold increase over the previous year, earning 60 billion rials (\$860 million).

Iran exported 300,000 tonnes of sulphur and 50,000 tonnes of ammonia in the period, Rahgozar said.

Meanwhile, the Iranian rial traded at 1,280 to the dollar on the open market today, its lowest rate since the government intervened four months ago to shore up the currency.

Iranian dealer Ali Pakpour told Reuters from London the dollar had steadily gained against the rial since Saturday, when it fetched 1,230-1,230 rials. "Supply is short. It can go even higher," he said.

Pakpour said state banks could not meet the foreign currency demands of many businessmen, who turned to the open market for their needs.

The dollar stood at 1,250 rials on Oct. 7, the day before the Iranian government began selling foreign exchange at a "competitive rate" to selected importers to break the currency black market.



New DHL executive

KEN Allen (above) has been appointed Middle East deputy regional manager for DHL Worldwide Express. The new appointment is in addition to his current role as DHL Middle East regional finance and administration manager, based in Bahrain.

Allen, aged 34, joined DHL in 1985 as a finance manager in Saudi Arabia, where the company operates in sole association with SNAS.

He became finance manager for the Naar East, covering Turkey, Egypt, Cyprus, Jordan, Lebanon and Syria in 1987, and later the same year took up his present role with responsibility for DHL's complete Middle East financial operations in the region which stretches from Turkey across the Arabian peninsula to Pakistan.

Boardroom shakeup announced

MADRID, Feb. 6, (Reuters): Grucyca, one of Spain's biggest industrial and financial concerns, announced a major boardroom shakeup today following the breakup of the marriages of two couples who had key roles in running the group.

The holding company said Alicia Koplowitz, one of Spain's richest women, took over from her brother-in-law, Alberto Alcocer, as chairman of its Construcciones Y Contratas Sa (cyasa) affiliate.

"This decision is in the context of the reorganisation of Grucyca," the group said in a statement. Alicia's sister, Esther—Alcocer's wife—was named deputy chairman of Cyasa.

The brief announcement was the latest twist in a story that has tantalised Spaniards for the past year and helped to add spice to Spain's financial scene.

"This pretty much shows the Koplowitz sisters are back in charge," said one foreign business analyst of the group which is valued unofficially at around \$3 billion.

Alcocer and his cousin, Alberto Cortina—popularly known as the Albertos—established a financial empire by expanding on the wealth of their wives, Esther and Alicia Koplowitz. Some Madrid business acquisitions helped build their reputations as two of Spain's most astute

businessmen. Helped by the fortunes inherited by the Koplowitz sisters, whose godfather built up the highly successful El Corte Ingles department store chain, the Albertos bought into major Spanish companies including cement firm Portland Valderivas and Banco Zaragozano.

They also linked up with Italian magnate Carlo de Benedetti in their corporation Financiera Reunida (COFIR) finance company affiliate.

Through their Carteri central investment firm, they made their boldest step in 1987 when together with the Kuwait Investment Office they bought 13 per cent of Banco Central, then Spain's largest bank.

The fairy tale began to go sour when Central's 73-year-old chairman, Alfonso Escamez, who had run the bank conservatively and kept free from outside interference, sought a merger with Banco Espanol de Credit to ward off the Albertos.

The merger fell through, but the Albertos were unable to capitalise on their stake in Central to shift Escamez.

The situation became more complicated last year when the Albertos became involved in much-publicised affairs that led to the sisters suing for divorce and the unravelling of their financial empire.

KIO completes Torras takeover

MADRID, Feb. 6, (Reuters): Kuwait Investment Office (KIO) has acquired a majority stake in Spanish industrial and investment company Grupo Torras Sa in an operation completed a week ago, a spokesman for the National Stock Exchange Commission (CNMV) said last night.

As a result of the bid, launched in December, KIO, the investment arm of the Kuwait government, has acquired an additional 32.9 per cent of the share capital of the Barcelona-based group to bring its total stake to 72.9 per cent.

When the takeover bid was announced for the 60 per cent KIO did not already own of Torras, a KIO spokesman described it as the largest in the history of the Madrid bourse.

KIO bought into Torras in 1986 and has made the group its main investment vehicle in Spain. Torras has expanded since from paper processing into a holding company with interests ranging from chemicals to food processing and stockbroking.

Torras' shares have been trading at around 1,520 pesetas (\$14) each over the past few days, giving the company a market value of about \$2.36 billion.

The CNMV spokesman said the commission had approved the acquisition, it having met the minimum requirement of winning acceptances for 15 million shares.

The Spanish company, which changed its name from Torras Hostench Sa last July, has stakes in 24 companies in Spain including paper firm Torrapapel Sa, chemical company Errocs Sa, petrochemicals concern Ertol Sa and stockbrokers Errocs Sa.

Tokyo shares

Nikkei stock average: 37666.83 (+35.42)
 Volume: 530 mil shs
 Yen exchange rate: 144.93

Name of stock	Q1	Q4
Advantech Corp	5480	-70
Aijomaru	2750	-20
Alps Electric	2080	+30
Amada	2030	+50
Asahi Chem Ind	1200	+10
Asahi Glass	2220	-10
C. Itoh Co.	1130	0
Canon Inc.	1810	0
Casio Comp	1370	-10
Dai Nippon Printing	3370	-10
Daiichi Sanyaku	2920	-10
Dainippon Ph	2900	-20
Dainippon Corp	2060	0
Elsai	2190	+10
Fanuc Ltd.	8090	+30
Fuji Photo	4410	+20
Fujitsu Ltd.	1560	0
Hirachi Credit	1930	+30
Hirachi Koki	2080	0
Hirachi Ltd.	1530	-10
Hirachi Metal	1740	+80
Honda Motor	1790	-10
Ito Yokado Co	4480	0
Kajima Corp	2100	-20
Kawasaki St I	1020	0
Kobe Cast Iron	1350	-20
Kokusai Elec	4150	+30
Komatsu Ltd.	1230	-20
Kyocera Corp	6510	+30
Matsushita Ind	3390	+40
Matsushita Ind	3440	+30
Matsushita Ind	2270	-10
Mitsubishi H I	975	0
Mitsubishi Corp	1790	-10
Mitsubishi Estate	2320	-20
Mitsubishi H I	1110	-10
Mitsui R E	2740	+20
Mitsui Corp	1940	-10
Mori Seiki Co	4280	-10
Mori Seiki Co	4300	+40

Prepared by Nomura Investment Banking (Middle East), Bahrain

Too early to consider German currency union, says Bundesbank chief

EAST BERLIN, Feb. 6, (Reuters): The head of West Germany's powerful Central Bank, the Bundesbank, said today it was too early to consider a currency union between the two German states.

Politicians from both countries have called for immediate steps towards monetary and economic union to save East Germany's shattered economy from total collapse and to stop thousands of its citizens leaving the country for the West.

Bundesbank president Karl Otto Poehl spoke to reporters after several hours of talks with East German state bank president Horst Kaminsky in East Berlin.

"We both believe it would be premature already to consider such a far-reaching step at this stage," Poehl said.

Asked about a possible time-frame for uniting East Germany's currency, which is not

readily convertible, with the strong West German mark, Poehl said: "That will certainly take a long time."

Kaminsky said both men had been in full agreement during the two-and-a-half hours of talks, which they called part of regular meetings.

Kaminsky said solving the problems of East Germany's currency was only one part of wider economic difficulties.

"Of course, we do not have much time," he said. "The citizens of East Germany expect effective measures soon."

East Germans, despite the promise of the country's first free elections on March 18, are still flooding to the West at the rate of about 2,000 a day.

They are unhappy with the general economic outlook and a currency that is virtually useless abroad and cannot buy Western-style consumer goods at home. Poehl said he and Kaminsky

had agreed that economic reforms in East Germany, involving reforms of taxes and prices were urgently needed.

The East German government has already started that process and has insisted that it will not let West Germany, Europe's economic powerhouse, simply take over its monolithic economy.

"We also agree that it is very important for East Germany to take decisions which will attract Western capital and prompt Western companies to invest in East Germany," Poehl said.

Poehl said it was a "fantasy" to believe that the West German mark could be introduced in East Germany as a second currency, as some official sources have suggested.

"I believe it is an illusion to imagine that even one of the problems of East Germany would be solved by the introduction of the West German mark in

East Germany," he said. Economists have said that such a move would create a split society in East Germany between those who have access to the hard currency and those who do not.

Any kind of currency union would probably hit East German savings, and help cause huge unemployment and inflation.

Poehl was later due to meet Economics Minister Christa Luft, who on Monday rejected political demands for immediate currency union and instead appealed to Bonn for immediate financial aid. The request has been rejected.

Earlier today in Bonn, government sources said East Germany's economic and political crisis could force a currency union between the two Germanys as early as this year.

The West German government could present a specific

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BUSINESS SURVEY OF JAPAN

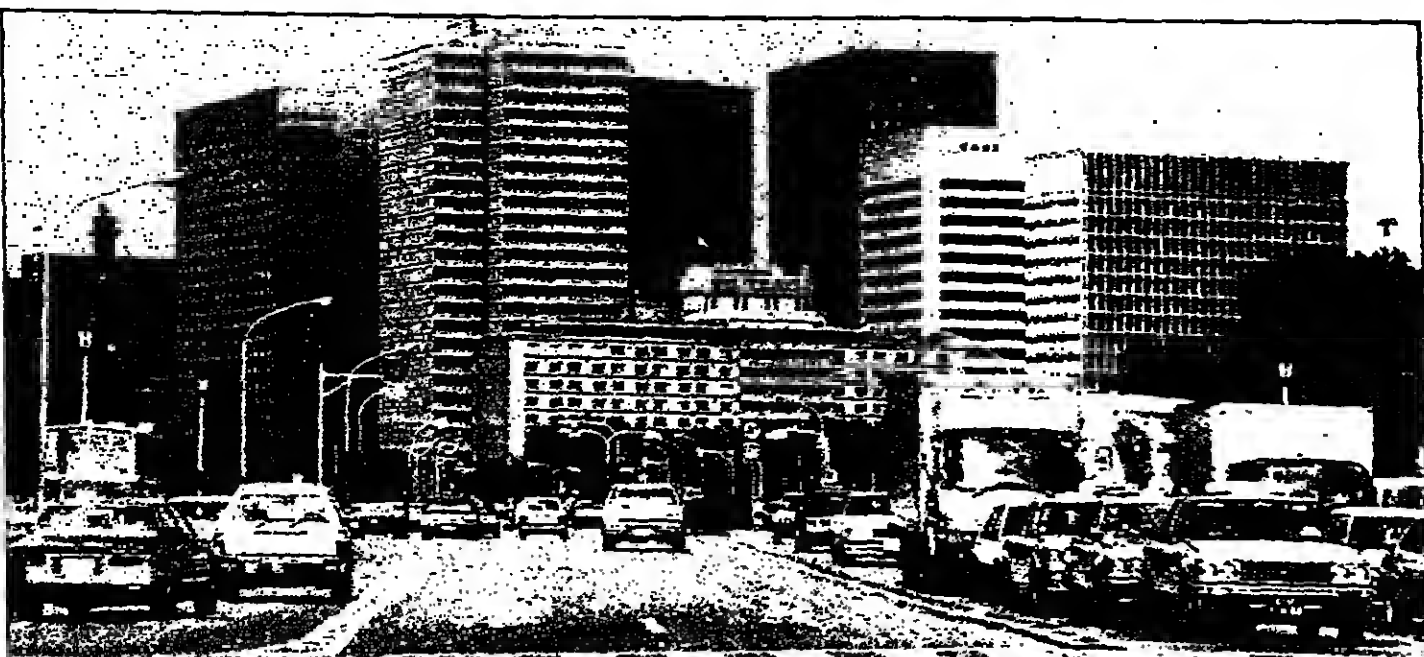
An Arab Times Special Supplement on Economy, Trade, Industry and Banking

Japan welcomes Kuwait investment

Economy still humming



Tsuruyoshi Kurokawa
By M. C. Bose
Business editor



Tokyo's Marunouchi district, the heartbeat of Japan's economic miracle.

THE Japanese economy is roaring into the next decade riding a boom not on exports, but on spending at home. The economy grew at its fastest pace in more than 15 years last quarter as Japanese firms spent vigorously to make themselves more aggressive and competitive.

The Japanese Ambassador to Kuwait Tsuruyoshi Kurokawa told the Arab Times that the Japanese economy is rapidly shifting from an export-oriented economy to a domestic demand-oriented economy — now an important turning point for the Japanese industry. The economy has been booming for over three years. This has been propelled by domestic demand. He said during 1986-88 the real growth rate was 4.3 per cent and domestic demand contribution to it comprised 5.6 per cent with external demand making negative contributions, whereas during 1974-85 real growth rate and domestic contributions were 3.9 per cent and 3.2 per cent respectively.

Asked whether Japan will be a more powerful and resilient economic force than ever in the next century, based on investment and the restructuring of the economy away from exports, the ambassador said: "Hopefully, Japan's economic development may bring about a new pattern of life as well. Now, Japanese workers are well known for their diligence and discipline. As Japanese, particularly youngsters, come to enjoy the so-called affluence and amenities of life,

they may well lose a sort of "hungry spirit". The history of any nation is one of ups-and-downs, just the same as the history of a person or a family.

"Moreover, the Japanese economy is rapidly shifting from the first (agriculture) and second (manufacturing) industries to the tertiary (service) industry. I believe that a sound and healthy economy is only established on the basis of the first and second industries. In this sense, it is rather difficult to predict how Japan can continue to be economically successful through the course of the 21st century.

From the devastation and war-debris of the post-war period, Japan has concentrated its energy on economic and social rehabilitation. In these efforts "we Japanese learned a lot from the US, such as management, industrial technology, way of life, etc."

"Today's competitiveness of Japan may be perceived in certain countries as a kind of threat. But I believe this is quite one-sided. Japan's concentration on economic development in the last few decades has proved to be good and beneficial not only to the Japanese themselves but also to the world as a whole because Japan has tremendously contributed to the world's welfare by providing inexpensive, high-quality manufactured goods, TVs, videos, cars, just an example, as well as by extending ODA (official development aid) to developing countries."

"Now, Japan is changing rapidly. People are shifting their lifestyle from the one of rather workaholic to the quality of life.

At the same time, the Japanese government is determined to play more political roles for the world peace and stability, unique roles stemming from its own experience of the last 50 years.

I hope that you will see Japan not only from the commercial or economic point of view but from the political and social point as well," Kurokawa added.

Asked to make comments on the observations that Japan's strong performance last quarter is good news for the world economy because it comes at a time when analysts are becoming increasingly worried that the United States is on the brink of a recession, the envoy said the biggest problem that faces the world economy today is how to improve the external imbalances between the deficit countries and the surplus countries, by expanding continuously their economies without inflation within the framework of international co-operation.

In this context, one of the most important contributions for Japan to make is to maintain the domestic-demand-led growth as long as possible.

He said, "the 1990s is the time for Japan to play more and more positive roles to maintain and develop the world economy than ever before. This includes two factors: first, the inevitable co-operation between the South and North; second, co-operation among the industrialised economies, i.e. US, EEC and Japan. We Japanese are firmly determined to do our best to stride forward together with the developing countries and the developed."

When asked about Japanese plans for strengthening economic and trade relations between Kuwait and Tokyo, the ambassador said for Kuwait, Japan is the largest trade partner, Kuwait importing manufactured goods and Japan purchasing oil.

Considerable part of Kuwait's money is invested in the Japanese stock and security markets. Japan and Kuwait are closely linked with each other economically and financially. But regrettably, in the eyes of the Kuwaiti people, Japan is seen mostly through its industrial products only, and in the eyes of the Japanese, Kuwait through its oil only. "I believe we should expand exchanges of people so that both Kuwaitis and Japanese get to know each other particularly their culture, lifestyle and way of thinking," the ambassador said. About the Japan Week '90 he said it was held on Feb 2-6 and was "one of our efforts in this regard. It is my pleasure to tell you that it ended up in great success."

Kuwaiti businessmen are keen on investing in Japan, particularly in Tokyo's stock market. The ambassador said these investments are most welcome. Needless to say, my advice is that as the Japanese economy is a free market economy influenced mainly by private business, many unpredictable factors may affect the market.

In reply to a question regarding Japan's overall oil imports, the envoy said, "It is private companies in Japan that deal with oil trade, and the amount they import depends on market and economic conditions. Japan

imports significant amounts of oil from the Gulf countries, including Kuwait, and it is widely predicted that Japan and other industrialised countries are going to consume more oil through the course of 1990s.

While talking about a report that Tokyo oil market is open to Gulf investment, the Ambassador said, "Investment should benefit both the investor and the host countries. As for the Japanese oil market, some foreign companies such as Mobil and Shell already have their stakes. When investors consider Japanese market as profitable and the Japanese side also regards the investment will contribute to the Japanese industry, then naturally, such investment will be welcomed."

Japan in the '90s

A state of buoyancy

By M. C. Bose
Business editor



Yusuke Kashiwagi

JAPAN has emerged as the financial superpower in the world and it is likely to retain the pride of place in the 1990s. Japan's gross national product (GNP) is ten per cent of the total global GNP. It ranks second among non-communist nations, ahead of West European countries both in terms of GNP and national income. Japan's industrial output was up 5.9 per cent in 1989. The production index of mining and manufacturing industries rose to 119.7 last year on a base 100 in 1985. In 1987, the index advanced 3.4 per cent, in 1988, 9.5 per cent.

In December, the seasonally adjusted mining and manufacturing production index fell 0.1 per cent from the prior month to 120.7. Ministry of International Trade and Industry (MITI) attributed the fall mainly to a decline in exports of passenger cars and semiconductors to the US, and the slump in steel exports to China.

With per capita income nearing \$20,000, Japan has already attained its post-war target of surpassing the per capita GNP of the US. With its economic policy stance, Japan's GNP during the fiscal 1989 is expected to be about 389.7 trillion yen, with a growth rate of about 5.2 per cent at current prices. Japan boasts of six of the world's top ten banks. It has the world's largest gold and currency reserves.

Japan is expected to have the highest economic growth rate in the industrialised world next year, while growth in the United States, Canada and Britain is likely to be below average for developed countries, a top trade official said recently. Arthur Dunke, director-general of the General Agreement on Tariffs

and Trade, (GATT), said the rate of increase in world trade was likely to slacken next year, even though 1990 would still mark the eighth consecutive year of expansion.

Chairman of the board of directors of the Bank of Tokyo, Yusuke Kashiwagi shed light on the prospects of the world economy in particular and what Japanese economy can contribute to the world economy in 1990. He said that the Japanese economy continued to grow faster than the world economy in the past few years. He also tackled issues relating to the stability of the foreign exchange rates. He said: "The US dollar has been overvalued whereas the Japanese yen was undervalued in which some adjustments were needed to maintain stability."

Kashiwagi was visiting Kuwait and delivered a lecture on current topics on world and Japanese economies. The lecture arranged by the Kuwait Forum, was held at the Kuwait International Hotel.

Kashiwagi said: "I believe that there is a possibility to strengthen economic and trade relations between Kuwait and Japan. The Kuwaiti businessmen took keen interest in Tokyo's stock

market."

Central banks demonstrated their resolve to stem inflationary pressures by raising short-term interest rates when required. Foreign exchange markets were relatively quiet compared with previous term, as the growth of the US current account and budgetary deficits showed signs of slowing.

The Bank of Tokyo maintained its position as Japan's leading international banking institution in 1988. The bank expanded its operations and networks and actively participated in the deliberations on such critical issues as LDC debt and financial system reform.

In March 1989, Japan's Ministry of Finance authorised an increase in the ceiling on provisions for possible loan losses to heavily indebted countries from 10 per cent to 15 per cent, the second such increase in as many years. While welcoming this move, the chairman said the bank will continue to press for an increase in Japan's ceiling on tax-free reserves for problem sovereign loans, which currently stands at only one per cent. The Bank of Tokyo reaffirmed its commitment to offering comprehensive financial services worldwide.

The Bank of Tokyo maintains a broadly diversified portfolio of investment securities. Management of these securities takes place under established investment limits for each type of security and currency involved.

The bank seeks to maintain broadly diversified sources of liquidity and to obtain extended maturities for its corporate debt. To guard against the possibility of liquidity crunch, the bank strives to maintain an adequate cushion of liquid assets at all times.

Japan confident of achieving its targets

Trade surplus shrinks

RECORD spending by Japanese abroad, higher oil imports and a strong dollar helped cut Japan's trade surplus in 1989 to its lowest level in four years, economists in Tokyo said the trend was set to reverse in 1990, according to Reuters.

Japan's current account, the broadest measure of trade in goods and services, narrowed 28.4 per cent to \$56.98 billion in 1989 from 79.63 billion in 1988.

Japan is confident of achieving its targets for reduced external imbalances in its accounts in the fiscal year ending March 31, 1990, Vice-Finance Minister Sadaaki Hirasawa also said.

The government aims to reduce the current-account surplus to \$61 billion in fiscal 1989 from 77.3 billion in 1988-89.

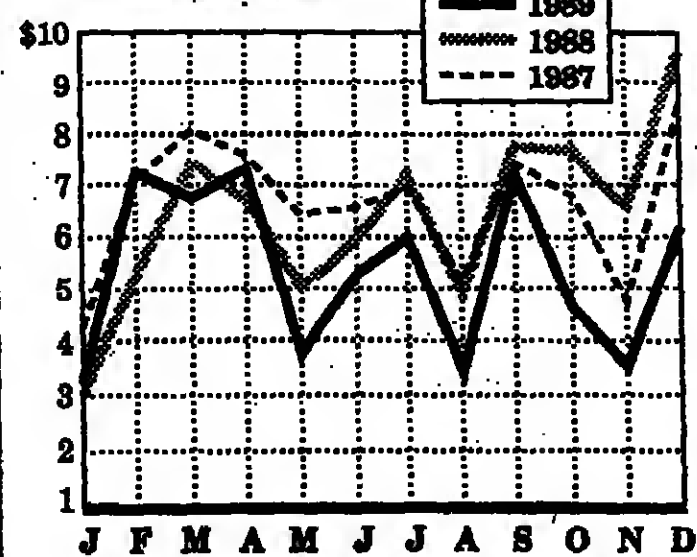
It has set a trade surplus objective of \$81 billion for this fiscal year against 95.3 billion in 1988-89.

Japan's invisible trade deficit, which includes the money Japanese spend as tourists overseas, ballooned to \$15.93 billion in 1989 from 11.26 billion in 1988.

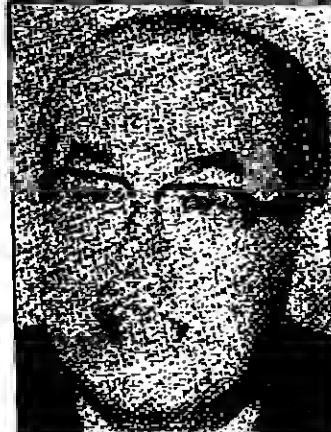
With 9.6 million Japanese travelling abroad last year, Japan's travel deficit amounted to a record \$19.33 billion in 1989 and accounted for a large part of the reduction in the current-account surplus, analysts said.

"Tourism was very, very important. Travel abroad has increased by 20 per cent in each of the last three years," said Matthew Berlow, an economist at Credit Lyonnais. Alexander Laing and Cruickshank Securities.

Japan's Trade Surplus
Seasonally unadjusted figures, compared with the year-earlier month
(In billions of dollars)



NOTE: Exports and imports are measured when goods pass through customs.
Source: Japanese Finance Ministry



Yasushi Mieno
Exports totalled \$269.63 billion in 1989 against 259.77 billion the previous year.

Slower US economic growth and capacity limitations among some Japanese manufacturers, mainly automakers, triggered by robust Japanese domestic demand, also curtailed exports.

"Some goods for export might have been shifted to the domestic market," said Chiharu Sumita, an economist at UBS Phillips and Drew International.

Bank of Japan Governor Yasushi Mieno told businessmen last week that the reduction in the current-account surplus was mostly due to a stronger dollar and an increase in imports.

The Central Bank said in its quarterly economic outlook earlier this week that it expected Japan's trade surplus would shrink slowly in 1990 than in 1989, while the US trade deficit would narrow moderately.

On a balance-of-payment basis, the trade surplus narrowed to \$71.13 billion last year from 95.01 billion in 1988, the Finance Ministry reported.

A stronger dollar in 1989 was a major cause of the sharp decline in the trade surplus, said Hidehiro Iwaki, an economist at the Nomura Research Institute.

A high US currency depressed the value of Japanese exports denominated in dollars and accounted for roughly 30 per cent of the \$18 billion reduction in the 1989 trade surplus.

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Pace of growth slows

Prices set to rise

THE world economy is expected to continue its expansion this year although the growth rate may be lower than in 1989 since the US economy is expected to see slower growth. In general, the dollar is expected to remain firm although the yen could strengthen against the US unit to some extent.

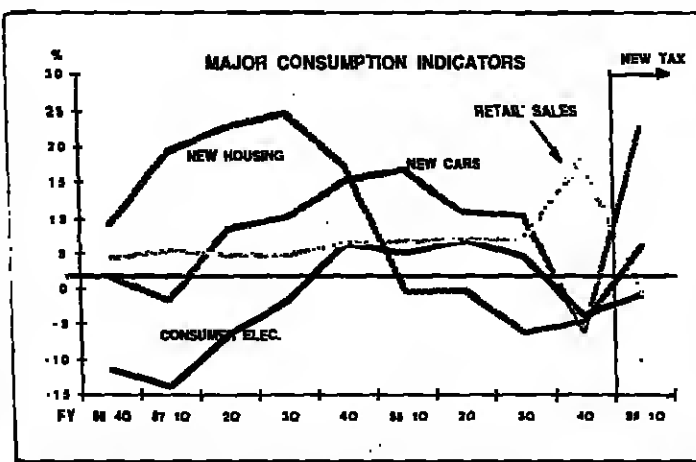
Domestic economic management is forecast to remain fiscally neutral. A tight monetary policy seems likely to stay in place because domestic prices continue to face upward pressure, a circumstance requiring measures to prevent further weakening of the yen.

In addition, the land price spiral is showing signs of spreading to some areas other than Tokyo metropolis amid prolonged high growth in money supply.

Against this backdrop, the Japanese economy is expected to steadily expand in fiscal 1990, bolstered by brisk domestic demand.

Factors supporting this prediction include: an expected slowdown in consumer price rises compared with fiscal 1989, a steady increase in household income prompting a rise in personal consumption, and a corporate willingness to continue increasing capital investment.

Prices are expected to rise at a slower rate than fiscal 1989, although upward pressures on prices are deep-rooted due to continued economic expansion and the strained supply-demand balance for labour and goods.



The reasons for this are as follows: price rises caused by the consumption tax introduction have largely run their course; import prices will likely edge down, albeit marginally, due to stabilization of crude oil prices; lower primary commodity prices and a gradual strengthening of the yen, the strained supply-demand situation of labour and goods will ease as manufactured imports grow and new capacity comes on-stream as a result of recent robust capital investment.

Japanese households will find themselves in a favourable environment in fiscal 1990; their take-home income is expected to grow thanks to strong corporate earnings and serious labour shortages; their purchasing power is expected to recover strength thanks to a slowdown in consumer price growth from fiscal 1989; and their leisure time is expected to increase as a result of

shorter working hours and the five-day working week being more widely adopted. All these factors suggest that personal consumption will regain strength this year.

With respect to housing investment, housing starts should continue to decrease as housing loan interest rates rise and construction of rental housing slows down.

However, strong demand for improved living circumstances will lead to an emphasis on larger and better quality housing and the remodelling of existing houses. These factors suggest that the decline in housing investment will be marginal.

Although the business environment is likely to be adversely affected by such factors as higher interest rates and wage increases, the overall picture should continue to be favourable.

Looking forward to new era of prosperity

Bourse sentiment boosted

JAPANESE shares managed on the last day of 1989 to squeeze out a fitting finish to their year-end rally thanks to window dressing, brokers said.

The key 225-share Nikkei index crawled up 38.93 points to 38,915.87 on Dec 29 1989, its fourth straight record close.

"Investors tend to be very cautious of closing prices," said Ross Rowbury, a senior broker at Sanyo Securities Co. Ltd. "They like to see their portfolios close on a nice note at the end of the year."

The Nikkei hit another record traded high at the opening.

True to its gravity defying reputation, the Nikkei managed a gain of 29 per cent last year despite three rises in the official discount rate in 1989.

"Most people are looking for about 20 per cent appreciation in the index this year," Rowbury said.

"It looks like another good year."

Japanese stock prices have rebounded smartly from the global collapse of 1987, with the key Nikkei Average reaching a record 30,159 by the end of 1988. This was up 13.2 per cent from the October 14, 1987 pre-crash record and a gain of 39.9 per cent on the year. Neither a major share trading scandal, nor the months of self-restraint displayed during the Emperor Showa's illness, could put much of a brake on the ascent of share prices.

The stock market went through three distinct phases in 1988, as reflected in the moments of the Nikkei Average. The first was the January-April period, when the average climbed back from 1987 crash. The second was the May-September period, when it consolidated within a narrow range. The third was the October-December period, when it resumed its upward march.

From January through April, participants gradually regained confidence in the Japanese market's strength and the Nikkei reached a new high on April 7, eclipsing the pre-crash record.

Japan's recovery put the other major world markets to shame: the US and European markets remained sluggish as they tried to absorb the shock of the Black Monday.

The consensus is that intensified policy co-ordination among developed countries and a fundamental improvement in Japan's economy were behind the phenomenon. Today the world's stock markets are under the sway of Japan, the leading creditor nation, and related stockholders are flocking to Kabutocho, Tokyo's equivalent of Wall Street. Another factor is Japan's recovery may be that Japanese surpluses have not been recycled abroad very effectively, particularly in the US.

The concentration of funds within Japan has created a "one-man show," as funds with no place to go have added fuel to the speculative fire.

Nervous market sentiment was also eased by steps taken early in the year by the Finance Ministry allowing flexibility in settlement methods for tokkin (specified money in trust) and trust funds, both extensively used by institutional investors.

An improved supply and demand situation played a part as well. This change was largely due to overseas investors becoming net buyers of Japanese stocks again during the January-April period. Analysts said foreigners' attitudes changed after they learned to believe in Japan's sound economic fundamentals, which in turn encouraged institutional investors with surplus funds to buy enthusiastically.

But in May, things changed. Renewed fears of inflation in the US pushed up American interest rates, allowing the dollar to gain against the yen. That in turn led to higher Japanese interest rates and a dampening of the buying fervor Kabutocho. The Nikkei Average was locked in a narrow trading range of ¥27,000 to



Managing Director Kazuhiro Nagakawa (foreground back to camera) leads floor dealers to the traditional hand-clapping ceremony after finishing market activity in the last trading day of 1989 at the Tokyo Stock Exchange. The stock exchange ended on an up note, gaining 38.93 yen to a record high of 38,915.87 yen in the year's final trading. (Reuters wirephoto)

28,400. Interest rates hiked by West Germany in June and August—the second time joined by the US—prompted investors to hedge against a stronger dollar and higher interest rates. Some investors, by contrast, were worried about a dollar collapse because of the bleak prospects for cuts in the US trade and budget deficits.

But the market held its own, supported by belief in the fundamental strength of the economy—belief justified by rapidly improving corporate profits on expanding domestic demand.

During this middle period, the stock market had some rather special problems to deal with. The introduction of a new capital gains tax and tight controls on insider trading were planned; and the Recruit scandal showed its ugly head. As everybody knows today, the scandal involved shares of Recruit Cosmos Co. being sold at basement prices to politicians and high-ranking government bureaucrats by Recruit Co., the parent company, before the shares were registered on the over-the-counter market—apparently in hopes of obtaining influence in political and official circles.

There was also scandal involving alleged tax evasion by Motoaki Nakaseko, the former general counsel of Meidenko Co., on capital gains from stocks.

He was also suspected on insider trading and stock price manipulation. During this period, investors tended to sit on the fence while waiting to see the impact of these scandals on the market, and indeed upon the deliberations in the Diet over the capital gains tax.

As the market entered the October-December period, with the yen creeping upward again, the Nikkei Average went up with it, hitting the 30,000 mark in December for the first time ever. It was in this final period that market participants considered Japan's political and economic situation was in its most stable condition of the year. There was growing confidence in international policy co-ordination among major industrial nations and the capital gains tax was approved in the Diet with only minor changes. The worsening health of Emperor Showa, who died in January 1989, caused some self-restraint by investors and prices moved gradually upward on only slight increases in volume.

Average daily trading value on the first section of the Tokyo Stock Exchange (TSE), which dominates the Japanese equity markets, hit the ¥1 trillion mark for the first time in 1988, rising to ¥1,024.6 trillion from ¥896.2 billion in 1987.

Average daily trading volume exceeded 1 billion shares for the first time, reaching ¥1,020.5 billion shares compared to 946.75 million in 1987. Total market capitalization was ¥481 trillion at the end of the year.

Institutional investors continued to be the biggest buyers of stocks. Financial institutions such as life insurance companies and trust banks were net buyers by just over ¥4.7 trillion, and investment trust companies by nearly ¥1.6 trillion, on the three exchanges in Tokyo, Osaka and Nagoya.

Institutional investors' share of brokers' transactions grew to 50 per cent or more. These investors, dealing with huge volumes of funds, have a strong tendency to invest in large-capital issues with higher liquidity, which has contributed to the polarization of the market into large- and small-capital stocks.

Prospects for primary markets

A big leap forward

NEW shares issued in Japan for fund-raising purposes are expected to total about ¥5.1 trillion, a record high for the third straight year. During the eight months from April to November, a total of ¥3,492.2 billion was raised through new share issues. This was a year-to-year increase of about 40 per cent. By mode of issuance, public offerings totalled ¥3,048.5 billion, for a year-to-year increase of 68.5 per cent and representing 87.3 per cent of all funds raised.

Allotments of new shares to shareholders amounted to ¥368.5 billion, down 42.8 per cent, and allotments to third persons came to ¥753 billion, up 25.7 per cent. New shares allotted to shareholders were all issued at prices midway between market and par value. There were no new shares issued at par.

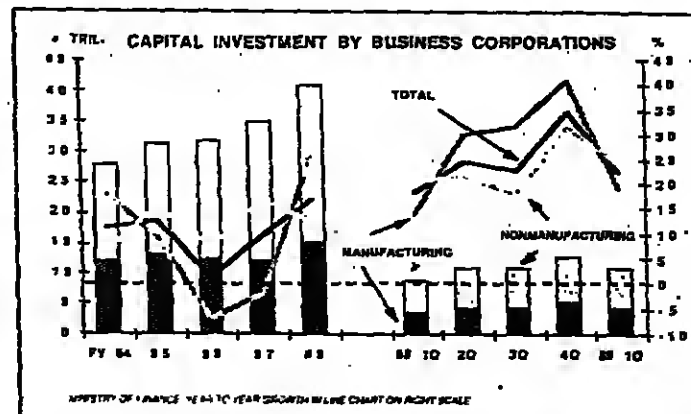
The high level of new share issues, as in fiscal 1988, was due to the following reasons:

Capital increases by banks, to meet the capital adequacy ratio requirements of the Bank for International Settlements, stayed high.

Companies other than banks had strong demand for funds for equipment investment.

Companies very much wanted to expand their bond-issuing frameworks by increasing their paid-in-capital and thus make it easier to proceed with equity financing, such as through convertible bonds.

For these reasons, many companies made large capital increases through public offerings. The average amount of funds raised through public offerings from April to November 1989 was ¥26.3 billion per company, sharply surpassing the past high of ¥18.7 billion in fiscal 1988. This upward trend is expected to continue.



Capital increases through initial public offerings by OTC companies also increased as requirements of public subscription rules about such things as trading volumes were eased for them. During the eight months from April to November 1989, new shares issued through public offerings totalled ¥85.5 billion, compared with ¥6.5 billion in all of fiscal 1988.

In fiscal 1990, the increase in government bond issuance will be attributed to that of refinancing bonds. The issue amount of construction bonds will be the same as in fiscal 1989, and it is expected that no deficit-financing government bonds will be issued. The gain in the issue amounts of government-guaranteed bonds and municipal bonds will be only nominal.

The restrictions on the issuance of warrant bonds were eased in June 1989, so domestic warrant bonds will be floated at a constant pace in fiscal 1990. Convertible bond issues, though remaining at a high level, will decline compared with the 1989 level since issuances by large companies have run their course. The issue amount of Japanese companies' equity-related bonds in foreign market will shrink to half of its 1989 level because the real issuing cost has increased as the spread between foreign and domestic interest rates has narrowed. Industrial bond issues will expand because regulations are expected to be further eased, such as a lifting of the ceiling on issue amounts, and because increasing foreign issuance costs may cause a shift among Japanese issuers from foreign to domestic bonds.

To a large degree, this tight supply-demand situation has resulted from increased investment relatively unrelated to the fundamentals, such as index fund management and policy-based investment, made to reinforce cross-shareholdings rather than from a massive influx of funds like that seen in the past couple of years or an increase in portfolio investments by various groups of investors.

Also, an increase in daily trading volume and selective purchases of shares of medium and small-capitalisation stocks that show promise of good earnings is pushing up stock prices.

Business undertone strong

Corporate profits surge

CORPORATE profits continue to expand in the current fiscal year, reflecting strong plant and equipment and construction spending. Combined recurring profit of 472 companies on an all-industry basis rose 13.8 per cent year to year. The upward path will remain intact in the second half. For fiscal 1989 as a whole, recurring profit shows a 8.9 per cent gain, increasing for the third straight year.

The profit growth rate will be very high in the manufacturing sector, particularly in the processing industries. The non-manufacturing sector, however, does not particularly suffer by comparison, if electric power is not included. The surprisingly strong growth of construction and marine transportation deserves special mention.

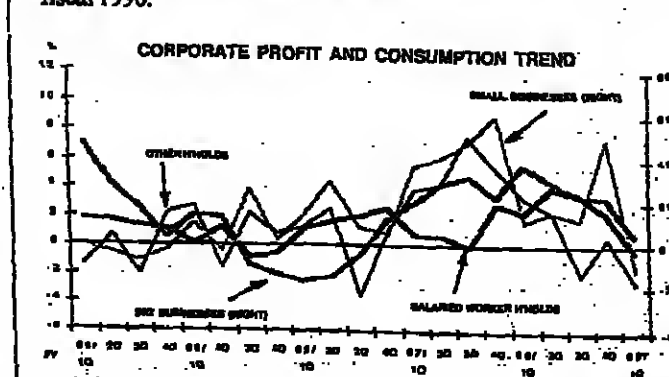
More specifically, in the manufacturing sector, the growth rate of recurring profit for machinery is outstanding, second only to that of shipbuilding.

This reflects the strong pace of plant and equipment investment. The oil industry, on the other hand, suffered a setback in the first half. In the non-manufacturing sector, warehousing joined construction and marine transportation in a show of strong growth, thus indicating an overall upsurge in wholesale and retail activities.

What lies ahead for fiscal 1990? A full three years have elapsed since the current business expansion began, and a profit gain for the third consecutive year is a cinch. Still, currency exchange rates and interest rates are volatile, and differences in profit levels are often seen among industries and among companies. The picture is no longer entirely rosy.

Thus, the current profit upturn will likely carry over into the fourth year, marking the longest period of prosperity since the Izanagi boom. To be sure, a three-year upsurge in corporate profits is quite a feat, but the business undertone is still sufficiently strong to make unlikely any sudden termination of the current boom. Construction, machinery and shipbuilding are confident of the future partly because their character as order-book industries allows them to gauge the period ahead.

However, differences in profit growth rates among industries will probably become smaller than in fiscal 1989. On the other hand, the electric power industry's profits, which plummeted due to reductions in electric power rates, will bottom out. All in all, recurring profits on an all-industry basis will rise 8.9 per cent in fiscal 1990.



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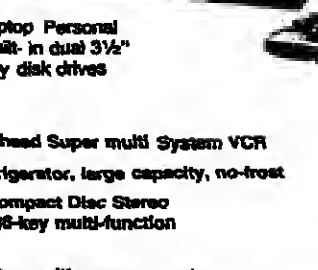
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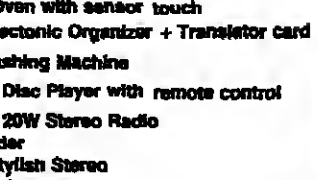
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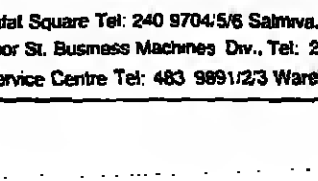
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Business draws confidence

Rate hike ruled out

Bank keen to check yen's fall

BANK of Japan Governor Yasuhiro Mieno has said the central bank is not considering another discount rate hike at present as it is still monitoring the effects of the previous raise on the economy. Kyodo News Service reported.

Kyodo said Mieno's remark was aimed at discouraging speculative foreign currency trading world-wide.

Mieno made the remark amid reports that Japanese financial institutions are preparing to shift their funds from US capital and financial markets to Japan in anticipation of the narrowing interest rate gap between the two countries.

There also was speculation that the central bank may raise the key lending rate to check the dollar's recent rise against the yen.

"The yen has weakened only two to three yen against the US dollar since the start of the New Year," Mieno was quoted as saying, adding: "In the domestic market, there is nothing to suggest that the yen's value should be lowered (against other currencies)."

The central bank raised its official discount rate by a half percentage point to 4.25 per cent last November in the second round of upward revision of the key interest rate last year.

Mieno concerned over the impact of the yen's fall on domestic prices, is resolved to defend the Japanese currency in active intervention at home and abroad, Bank of Japan sources said.

The sources blamed the yen's recent decline on overseas markets for an inaccurate assessment of Japan's political situation.

Kyodo said the Bank of Japan sold an estimated \$1 billion in its yen-supporting interventions in New York, London and Hong Kong last week.

The central bank is prepared to continue such actions in major money markets in Europe and Asia, if necessary, in co-ordination with monetary authorities of these countries, it said.

The dealers said the yen's depreciation against the dollar in New York and other markets overseas was attributable to



As the nation's leading foreign exchange trader, the Bank of Tokyo plays a pivotal role in Japan's capital markets. Tokyo dealing room is the nerve-centre.

speculation that the ruling Liberal Democratic Party may suffer a setback in the next election for the powerful lower house of the Diet, Japan's parliament.

The LDP, which has been in power since its founding in 1955, lost a majority in the upper house election held in July for the first time in its history.

"The yen's recent weakness was attributable entirely to speculative trading and did not reflect the fundamental factors of the US and Japanese economies," one source quoted by Kyodo said.

Bank of Japan sources said the yen's fall against the dollar also is detrimental to Japan's efforts to reduce Japan's trade surplus with the United States, which tops \$50 billion annually.

The sources predicted market sentiment will be bearish for the yen toward the next general election.

Since November 1989 the Nikkei stock average has been rising to new highs as investors welcomed the yen's strength and the peaking out of interest rates in Japan. Overseas and domestic economic prospects are clouded, however, and it will take the market some time to gather energy for a real upsurge. If the

upward movement of the yen or the downward trend in interest rates is confirmed, investor enthusiasm will grow, and the stock market will regain brightness.

Regarding Japanese interest rates, on December 25 the central bank raised the official discount rate as a pre-emptive measure to keep price rises in check. It is felt therefore that all unfavourable factors have spent themselves for now.

Banks, life and non-life insurance companies and investment trusts, which constitute three major investor groups, continue making large net purchases. With signs of mergers and acquisitions on the rise, banks and life and non-life insurance companies are stepping up policy-motivated investments for crossholding of shares.

Investment trusts are continuing to make purchases for index funds. Net investments by iokkin funds (specified money m trust) appear to have decreased compared with last year.

Policy-motivated investments and investment for index funds generate stable purchases in the stock market because they can be made disregarding, to some degree, the economic fundamentals. For this reason, the Japan-

ese stock market is proceeding without a plunge.

The money-flow environment surrounding the stock market is rather favourable as new issues of deficit-financing government bonds have decreased, redemptions of high coupon-rate government bonds in large blocks have arrived and installment postal savings and single-premium endowment insurance, which absorbed large amounts of funds during the high interest rate period, are maturing. Moreover, major investors are maintaining relatively high cash positions. From this viewpoint, the potential demand for shares has increased.

All in all, the Japanese stock market will again trace a vigorous upward path if overseas and domestic conditions improve.

Since the Bank of Japan raised the official discount rate by 0.5 percentage points on October 11, 1989, the yen has moved up and down within a narrow range of ¥140 to ¥145 against the dollar. Short-term interest rates, which had continued to rise, have stabilised since late November.

Prices, a common concern, have also been well-behaved.

Race for artificial intelligence

Move to tap US academic talent

WHEN Hitachi Chemical Co.'s \$15 million biotechnology laboratory opens at the University of California at Irvine in April, Hitachi will be the second Japanese company to fund a research lab at a US school.

Otsuka Pharmaceutical Co., seeking to gain ahead of its rivals in Biotechnology Research, already has established a laboratory affiliated with the University of Washington in Seattle.

The steps taken by the two companies reflect Japan's growing interest in tapping the brains of the best US academic talent.

The major advantage that Hitachi is expecting from its connection with UCI is to have access to talented US students, said Hiroshi Sumiyama, who will head the Hitachi Chemical Research Centre. "The company is considering hiring some of the best students as Hitachi researchers in the future."

The school is ahead of most Japanese universities in the field of neuroscience, in which Hitachi is intensely interested, he said.

Under the agreement Hitachi reached with UCI, patients derived from work at the new lab will belong to the university. But Hitachi Chemical will have a first refusal right for third-party licensing.

"The collaboration with UCI is expected to provide enormous

business opportunities for Hitachi on a long-term basis," Sumiyama added.

Other Japanese companies, like NEC Corp. and Kobe Steel Ltd., soon will transplant their research labs to US universities, as well.

NEC, for example, is scheduled to open a research centre in Princeton, New Jersey, this May that will focus on artificial intelligence.

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Bid to pursue career

Students seeking jobs in Japan

AN increasing number of foreign students studying in Japan are planning to remain after graduation to join the nation's work force.

A recent poll conducted by the Sanwa Research Institute found that a third of the students queried hope to find employment with a Japanese firm. And many of these students will realize their goal. Job prospects for the nation's estimated 40,000 foreign students — about 90 per cent of them Asian — are expanding rapidly, observers say.

Why are more students seeking jobs in Japan? "Because

experience in Japan will be of great help when looking for a position back home," says Yochiro Koshibe, a Taiwanese national who attended college in Japan and now heads up a Tokyo-based translation service. Students who master Japanese and are well acquainted with the Japanese management style, he says, could prove a significant asset in their home countries.

Koshibe's company, Yang Enterprise Co., held a job placement seminar in July drawing 13 Japanese firms and 250 foreign students. And the company launched the magazine Career Information in October to let overseas students know of

local job opportunities.

Yang plans to hold another seminar next year on legal affairs, concentrating on requirements for students intending to work in Japan after graduating.

The increased need for foreign workers is being spurred, observers say, by the growing expansion of Japanese companies into other Asian countries. Japanese companies are increasingly looking at Asian students as candidates for managerial roles within their Asian subsidiaries. Native managers fluent in Japanese and familiar with Japanese trade customs are part of a localization drive by

many multinational Japanese firms.

Electronics parts makers SMK Corp and Alps Electric Co have hired six Asian graduates to begin work in April. The six have backgrounds in technical engineering and come from Taiwan, South Korea and Malaysia, where SMK and Alps have manufacturing sites.

In the distribution field, Yao-han Department store Co, which have off shoots in Southeast Asia including Taiwan and Malaysia, hired eight Asian students last spring. Four more Malaysian and Taiwanese students will be taken next year.

Severe labour shortage

Household spending up

LED by increasing expenditures for education, housing and entertainment, Japan's household spending in November gained over a year ago for the third straight month, the government has reported.

The management and co-ordination agency said spending in the month averaged 287,037 yen (about \$1,980), up an inflation-adjusted 2.5 per cent over a year ago.

Spending rose 0.8 per cent in October and 0.2 per cent in September. Spending by wage earner households increased 2.3 per cent to 298,057 yen (about \$2,056) while that by other households, including farmers and self-employed business people, advanced 2.9 per cent to 266,739 yen (about \$1,840), the agency said.

The agency said spending on food, the largest single item in the monthly household budget, rose 2.4 per cent due mainly to brisk sales of beer amid mild weather.

Income of salaried families rose 1.8 per cent to 424,245 yen (about \$2,930) with disposable income accounting for 362,110 yen (about \$2,500), up 2.1 per cent, the agency said.

The ratio of household expenditures to disposable income climbed 0.2 points to 82.3 per cent, it said.

The business environment in the Japanese housing industry is rapidly changing. Current developments are healthy and will contribute to boost the companies overall business results. Moreover, when closely considering the nature of the various changes presently taking place in Japan, one quickly anticipates that even brighter prospects can be expected in the future. Favourable developments are as follows:

Government policies are anticipated to be enacted in order to increase the housing supply and to resolve the problem of land shortage, thus resulting in an expanding housing market in the future.

Since Japanese life-styles are quickly changing and consumers are seeking high value-added products, leading housing contractors are now endowed with an increasing demand for higher grade housing. Demand for upgraded housing is also on the rise since many existing houses are presently unsuitable for habitation in terms of size and built-in facilities.

Severe labour shortages and wage increases in the construction industry will act to increase further the company's business strength because its manufacturing production requires fewer workers when compared to the large labour force that has always been needed in traditional home building methods.

Orders received in the first half of fiscal 1989 ended July 1989 increased 18 per cent over the same period in the previous fiscal year to ¥482 billion. The expansion is attributable to the increase in high grade single family houses in local areas and the large increase in special building work done through contracting, such as condominiums and commercial buildings.

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Inflation fight planned

Money supply growth sparks rate fears

JAPAN's money supply grew faster in December than in November, prompting fears that the Bank of Japan may have to increase interest rates once more to stave off the threat of inflation.

According to figures announced recently, the money supply in December grew by 10.6 per cent compared with last year, against a 9.9 per cent increase in November.

Meanwhile the Central Bank said the increase in the money supply would not lead to another rise in the official discount rate (ODR), a key short-term lending rate.

Japan's merchandise trade surplus for December fell to \$6.19 billion, down from \$9.7 billion a year earlier, completing a year of slow export growth and relatively strong import growth.

From now on the Bank of Japan will seek to influence the money supply mainly by indicating its stance through day-to-day transactions with financial institutions on the short-term money market.

The supply and demand of funds on the money market is influenced by the movements of two major elements — bank notes and government fiscal funds. In conducting monetary adjustment the Bank of Japan decides to supply or absorb funds by considering the daily surplus or shortage of funds available on the market.

Foreign exchange rates, overseas interest rate trends and other factors are also taken into consideration.

Since the end of May 1988, there has been continued global pressure for interest rates to rise. During this period the Bank of Japan has managed its credit policy with the determination to avoid raising the official discount rate. But West Germany was prompted to raise interest rates to cope with a rapidly plunging mark value.

At this point, the Bank of Japan made an important policy decision: as an emergency step to weather the storm, it let market forces take Japanese interest rates higher to remove fears about a resurgence of inflation.

Japanese Economic Outlook for 1990

	1988 (FY)	1989 (FY)	1990 (FY)
GNP (nominal)	6.0	6.7	5.7
GNP (real)	5.3	4.8	4.6
Private domestic demand	8.1 (6.6)	6.3 (5.3)	5.9 (5.0)
Private final consumption	5.0	3.4	5.0
Private housing investment	5.3	2.9	▲3.9
Private capital investment	17.3	15.8	10.7
Change in business inventories	2080.6	1594.6	1500.0
Public demand	1.3 (0.2)	1.8 (0.3)	1.7 (0.3)
Government final consumption	2.2	1.6	1.7
Public capital formation	1.2	0.0	1.3
Net exports	▲1.5	▲0.7	▲0.7
Exports & others	10.7	13.8	5.8
Imports & others	21.4	17.6	9.0
Wholesale prices	▲0.7	3.3	▲0.1
Consumer prices	0.8	2.8	1.4
Current balance	77.3	51.2	48.1
Trade balance	95.3	71.2	70.4
Exports	267.4	267.9	282.9
Imports	172.1	196.7	212.5
Services balance	▲13.5	▲15.1	▲16.8
Transfer balance	▲4.5	▲4.9	▲5.5

Note: 1. Japan's fiscal year begins in April and ends in March.

2. (): Contribution of each component to GNP growth.

3. Unit: Percent changes for commodity prices and GNP (billion yen for change in business inventories), billion-dollar for current balance.

This showed a willingness to tolerate an undermining of the domestic interest rate structure built around the official discount rate.

As the Central Bank indicated its hands-off policy toward open market rate increases, certificate of deposit (CD) and other market rates began to move upward in concert.

The jump in open market interest rates had a considerable impact on banks, because any rise in short-term money rates pushes up their cost of funds.

Had the lower interest rate levels of early July 1988 been sustained, Japan's 13 largest city banks could have saved nearly ¥90 billion in fundraising costs in the July-September quarter alone, according to one estimate.

The impact was even stronger than when the Bank of Japan deliberately pushed interest rates higher in October 1985.

As interest rates abroad stabilized and crude oil prices declined in September, the Bank of Japan began to curb open market rate increases by repeatedly entering

the market to purchase discount bills, CDs and bond gensaki.

While the official discount rate stood unchanged at 2.5 per cent throughout the period, bill discount rates climbed above the 4 per cent level. The appropriate differential between the official rate and bill rates had long been considered to be around 1-1.5 per cent points.

At the expense of this empirical rule, the Bank of Japan in these several months made an attempt to control short-term money rates flexibly to forestall

upward pressure on prices.

In November 1988, the Central Bank carried out money market reforms, introducing new forms of monetary adjustment such as the purchase of discount bills with maturities of less than one month and freeing bill rates of two weeks or longer. Behind these changes is the fact that various factors both at home and abroad are making it increasingly difficult to change the official discount rate. The Bank of Japan theoretically enjoys exclusive jurisdiction over changes in the official bank rate under the existing financial system. The reality is rather different. In order to change the rate, the central bank has to get it endorsed by the Ministry of Finance and other ministries concerned and also to seek an "understanding" with the prime minister. The bank must also give consideration to overseas reaction to any changes it may make.

Its much easier, however, to increase money market rates than to raise the official discount rate.

In late January 1989 commercial banks introduced a new short-term prime lending rate linked to market rate changes, so that their lending rates came under direct influence from market rate movements.

The Bank of Japan believes the new method of monetary adjustment has provided it with a tool for more flexible and effective control of market interest rates, and intends to further improve the market environment for its monetary policy geared toward market rates.

The market reforms included the introduction of a new section on the bill market specialising in transactions of discount bills with maturities of between one week and one month. This will allow the Bank of Japan to conduct buying operations in this category of bills for the purpose of infusing funds into the money market.

In the process, the Japanese money market, often the target of foreign criticism for being closed and under the direct "control" of the central bank, is becoming less regulated and more responsive to market forces.

Cost of production may not drop further

Solar cells remain cost - inefficient

SOLAR cells once promised a clean, renewable source of energy. But the problems of conversion efficiency and cost have proved difficult to solve. Gains in efficiency have come slowly and in small increments. Manufacturers are battling for each improvement in energy conversion.

Sharp Corp's recently improved single crystal silicon solar cells, achieve a photo-electric conversion rate of 17.4 per cent the highest ever in cells for practical use. Single crystal solar cells have proved their reliability and performance as power generators and in satellites.

The problem is that the cost of production is unlikely to drop further because, for technical reasons, production of single crystal silicon is thought to have little room for improvement.

Research and development for polycrystalline silicon solar cells and amorphous silicon cells is promoted by the New Energy Development Organization (NEDO), a research group sponsored by the Ministry of International Trade and Industry.

Sanyo Electric Co., the most successful amorphous silicon cell maker in Japan, claims a 10.2 per cent efficiency rate with cells measuring 10cm by 10cm. Amorphous solar cells are widely used in such things as pocket calculators. They are easier to produce, and consequently



Sanyo Electric Co. has developed transparent solar cells as part of research efforts to improve energy conversion efficiency.

cheaper than the other two types of solar cells.

However, because of their lower energy conversion efficiency, a greater area of amorphous cells is needed to generate a given amount of electricity. Another weak point is that this type of cell deteriorates in sunlight by more than 10 per cent annually.

Kyocera Corp has achieved a 14.5 per cent conversion rate with a polycrystalline solar cell. The cell ranks between single crystal and amorphous solar cells in terms of conversion efficiency and production costs.

Kyocera aims a 17 per cent conversion rate in three years. The crucial point for this type of solar cell is lowering the cost.

Every solar cell is now sold to NEDO for ¥720 per watt. To make large solar power generation facilities feasible, analysts say the price needs to come down below ¥200. To achieve this, mass production must rise to the level of 1,000 megawatts of solar cell capacity annually.

Presently, only about 10 megawatts of solar cell capacity is produced each year, and of this, only 3 megawatts worth is for general use.

Exports to Europe still growing

Mazda to build cars in Bonn

MAZDA Motor Co. and Ford Motor Co. plan a joint venture to produce compact cars in Europe based on existing Mazda models, according to Mazda officials.

The venture would make Mazda the first Japanese automaker to gain a manufacturing presence on the European continent. Ford already is one of the biggest automakers in the European market.

The venture between Japan's fourth-largest automaker and its US partner is likely to be located in Saarbrücken in southwestern West Germany, said a Mazda official.

"We'd thought about Belgium, England, Spain and West Germany, and West Germany seems to be the best," he said. Mazda and Ford will produce cars similar to two existing Mazda models, Familia and Capella.

Japanese automakers currently don't have any factories on the European continent, although Nissan began producing small cars in Britain in 1986 and Toyota and Honda plan to begin producing cars in Britain in 1992.

West Germany is an important place in many ways. It has a lot of know-how in technology

and designs that we can learn, for instance," the Mazda official said.

Mazda and Ford have a long partnership in finance and technology, and Ford owns more than a 23 per cent of Mazda's stock.

News media reported Mazda and Ford are to produce 120,000 cars beginning in 1992, with each company selling 60,000 cars each. Mazda reportedly is to invest some 50 million yen in the project.

Bert Serre, director of international public affairs at Ford in Michigan, said he couldn't confirm the reports.

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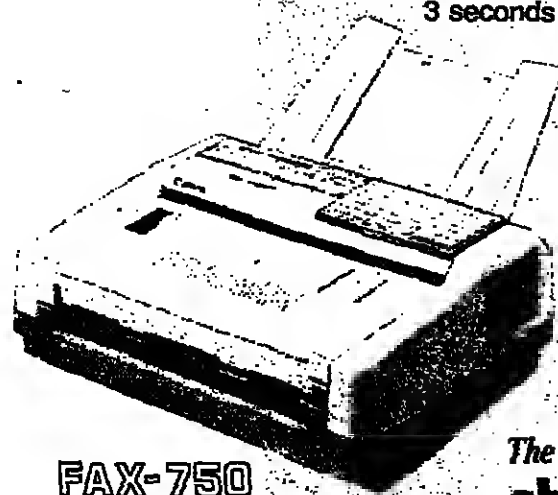
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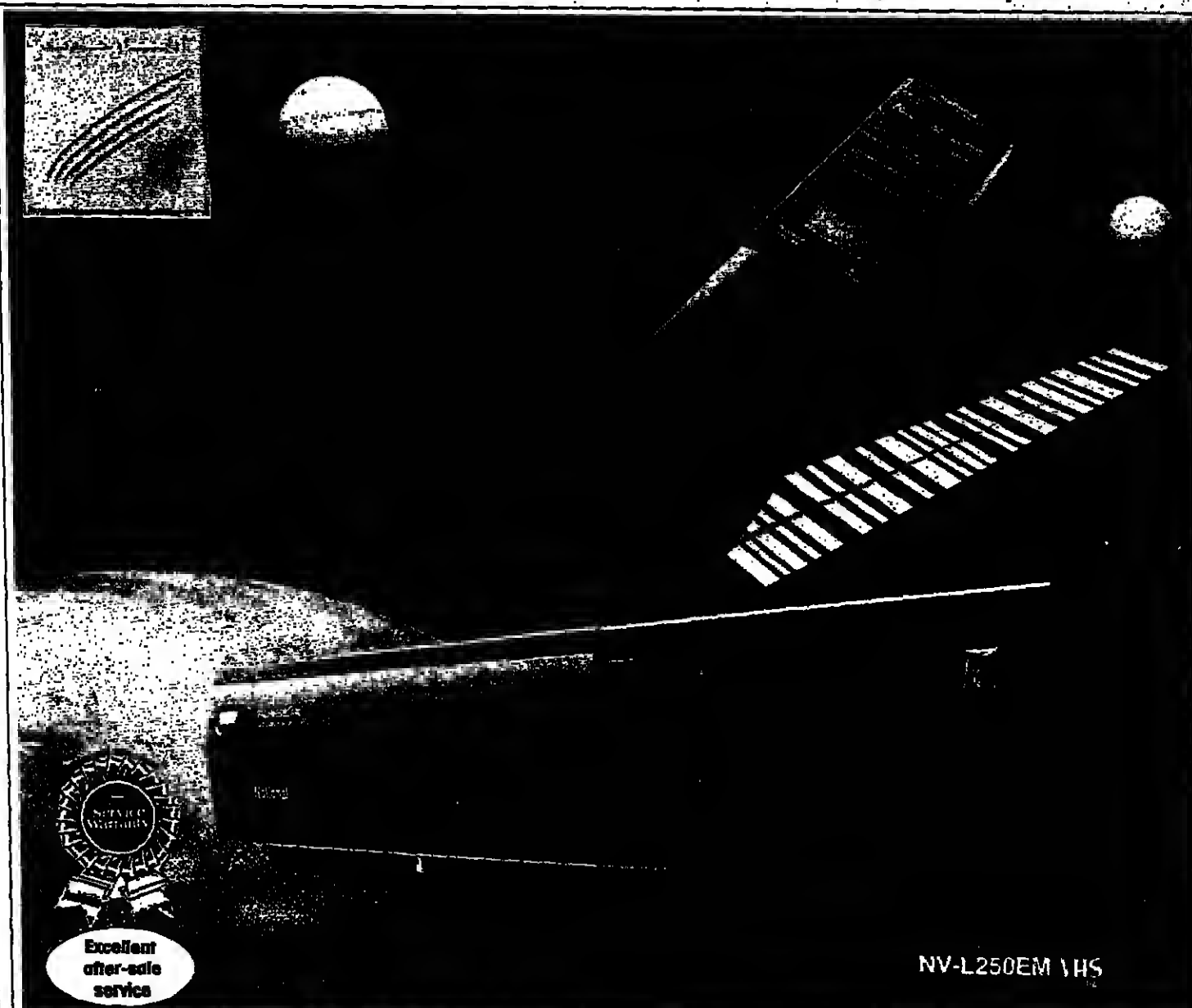
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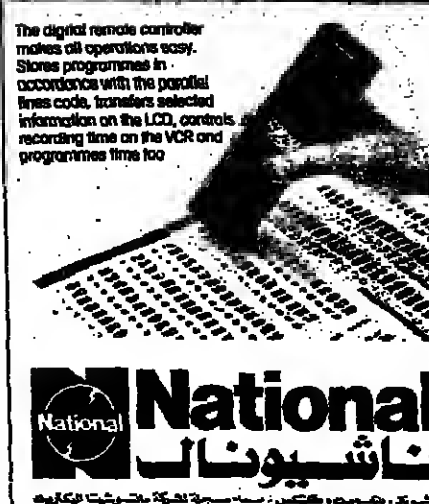
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فوتوناف

Japan sets terms for Gulf oil investors

Oil imports climb

JAPAN has announced a series of conditions for foreign investors wanting to participate in the country's downstream operations. It was disclosed in Abu Dhabi recently.

Jouan Salim Al Dahiri, chairman of the International Petroleum Investment Company (Ipic), said Japanese officials had "informed us that Japan will allow foreign investors to buy shares in its downstream industry on three conditions."

Al Dahiri said the conditions stipulated a need for an agreement between the investor and Japanese firms, a reciprocal treatment, and that the investor should have a long-term source of crude.

"A reciprocal treatment means that we should allow the Japanese to enter into joint ventures in the petrochemical sector and other oil-related industries," he added.

He pointed out that this would serve the interests of both sides as the Japanese had the technology and experience in the oil and petrochemical industries as well as in the operation of refineries.

Al Dahiri said the Japanese decision to open its downstream market to outside investors would attract a good deal of interest from Gulf states.

But he warned: "We should know that the return on such investments will be very low because the shares of most Japanese oil companies are traded in the Tokyo stock market and labour is very expensive."

The official added that there was no doubt investment in such a market would be costly compared with other international markets, in addition to the strong competition the investor would face.

Ipic, with a capital of \$500 million, was set up in 1984 by the Abu Dhabi government to enter downstream ventures, which it claims will help protect government revenues from the effects of unstable oil prices.

So far, its only downstream investment is a 12 per cent stake



Sheikh Ali

in Spain's main petrochemical and refining company, Cepsa.

However, Al Dahiri said political changes in Eastern Europe would provide the Gulf with a new outlet for oil exports and investments.

His statements were made as the UAE, Kuwait and Saudi Arabia are gearing to spread their investments in Asia as well as Europe and the United States.

They seek to move from being mere suppliers of crude oil into controllers of integrated oil industries through joint ventures in these regions.

Japanese energy officials have visited the three Gulf countries to discuss their plans.

Saudi Oil Minister Hisham Nazer was in Tokyo recently after visiting Indonesia and



Saudi Arabia's Petroleum and Mineral Resources Minister Hisham Nazer (left) shakes hands with Japanese Prime Minister Toshiki Kaifu at the start of talks at the premier's official residence recently. Nazer told Kaifu that Saudi kingdom wants to become Japan's largest oil supplier.

South Korea to follow up prospects.

Kuwait's Oil Minister, Sheikh Ali Khalifa visited Indonesia earlier as well as Thailand.

Kuwait has the longest record of foreign investments in Western downstream operations. Saudi Arabia moved into the United States two years ago.

Nazer has said he did not sign any deals with Japan, but discussed general policy, leaving the deals to producing and consuming companies.

Reports from Tokyo have indicated Nazer's talks have been successful.

Al Dahiri was quoted by UAE newspapers as saying investments in Japan are costly, with returns lower than other international markets.

Japanese oil firms' shares

were traded on the expensive Tokyo stock market while Japan's labour costs were high, he explained.

Japan is ready to open its huge domestic oil-producing products market to Middle Eastern nations and offer them cash and technology in exchange for guarantees of stable oil supplies in the 1990s, oil industry and government sources say.

Japan has recently started exchanging visits of high-level officials with Mideast countries. In the past such visits were rare despite Japan's heavy dependence on Middle East oil.

"Both Japan and the Middle East nations are interested in developing the existing seller-buyer relationship into something more mutually dependent," said Tsutomu, Toichi,

chief economist at Japan's privately run Institute of Energy Economics.

"There is no obstacle on our part to oil investment by the Gulf states," Masaji Yamamoto, director-general of Japan's Agency of Natural Resources and Energy, said last month. He visited Kuwait, Saudi Arabia and the United Arab Emirates in mid-January to discuss long-term crude supplies to Japan.

Oil industry sources agree that Japan has no choice but to buy more oil from the Mideast in the 1990s due to rising demand and declining supplies from some sources, such as China and Indonesia.

Japan already imports more than two thirds of its oil from Gulf nations.

The Gulf countries can be

Japan: direct overseas investment by region and country, 1951-88* (\$ million)

	1988	1951-88 total
US	21,701	71,860
Canada	626	3,231
North America total	22,328	75,091
UK	3,956	10,534
Luxembourg	657	4,729
Netherlands	2,359	5,525
West Germany	409	2,564
France	463	1,764
Switzerland	454	1,432
Spain	161	1,045
Europe total	9,116	30,164
Indonesia	385	9,894
Hong Kong	1,662	6,167
Singapore	747	3,812
South Korea	483	3,248
China	296	2,036
Malaysia	387	1,834
Taiwan	372	1,791
Thailand	359	1,992
Philippines	134	1,120
Asia total	5,569	32,227
Australia	2,413	8,137
Oceania total	2,413	8,137
Saudi Arabia/Kuwait	20	1,383
Middle East total	20	1,383
Panama	1,712	12,858
Brazil	510	5,596
Cayman Islands	2,609	5,085
South America total	6,438	31,671
Liberia	648	3,638
Africa total	653	4,604
Total	47,021	186,356

*Figures are accumulated value of approvals and notification.
Source: Finance Ministry, Japan.

over a year ago, the ministry said.

Japan's primary energy supply in 1988 was 482 million kl crude oil equivalent - a figure next only to the US in the free world. A detailed breakdown indicates that 57 per cent was for oil, 18 per cent for coal, 9 per cent for nuclear power, 10 per cent for LNP, and 5 per cent for hydro, geothermal and other types of energy. It is evident from these figures that the Japanese energy supply structure typically places significant emphasis on oil. This dependence on oil is even more noteworthy considering that 99.7 per cent of the supply comes from imports and that approximately 70 per cent is imported from the Mideast, resulting in a vulnerable economic base for Japan.

Nevertheless, Japanese dependence on oil for its primary energy supply, which was at a high 77 per cent level prior to the oil crisis in 1973, has since declined gradually. This decline can be attributed to mainly industry's efforts for energy conservation and conversion to alternative energy.

Japan is exerting almost efforts to enforce an energy policy based on the following three guidelines: Securing stable oil supplies; promoting the development and introduction of nuclear power, coal, natural gas and other alternative energy sources; and promoting energy conservation.

In October 1987, the advisory committee for energy submitted a report entitled "Long-term energy supply and demand outlook," which is a guideline for the implementation of energy policies. This report points out the necessity of attaining an optimum long-term energy supply and demand structure that strikes a balance between security and cost. The outlook describes in detail a plan to increase the proportion of alternative energy sources to more than 50 per cent by 1995.

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The New Honda Accord 1990: Engineered to the Last Detail

Honda Accord's fourth generation is an 'evolution'. Since its beginning in 1977, Honda Accord is steering in the direction of progress.

Virtually every part is new.

The Accord's new features that enhance performance, comfort and styling clearly place it in a class above its Japanese stable-mates. The new Accord exudes prestige and will pose a serious threat to the upper class cars from Europe. The new Accord sets new standards for manufacturing fit and finish quality, passenger comfort and driving pleasure.

Yet again Honda have incorporated their Formula 1 racing experience and successes in a masterly way. Both the 2-litre programmed carburettor and the 2.2-litre fuel injected engines are with 16 valves and deliver smooth, responsive power throughout the speed range to give exhilarating excitement to the driver. Two cleverly designed balancer shafts rotate in opposite directions at twice the speed of the crankshaft to significantly reduce engine vibration. Even at very high speed the car maintains remarkable roadholding due to its new suspension and steering system. It grips the road like no other to give the driver a reassuring feeling of control and safety.

The cabin is not only large, comfortable and elegant. It is also water-quiet due to the unique insulation of a steel foil sandwich melt sheet on the floor and bulkhead and a honeycomb insulation on the roof. Minimised gaps and seams between body panels virtually eliminate wind noise. As the passenger compartment is insulated against noise from the engine, road and wind, the fatigue factor is substantially reduced.

All round visibility is enhanced by large wraparound glass areas, and body rigidity - an essential safety factor - is increased by 40%.

In creating the new Accord, Honda has redefined the concept of a Sedan car. It is as exciting to behold as it is to drive. As softly elegant on the interior as it is tough and beautiful on the exterior. As openly spacious for the passenger as it is dynamic and exciting for the driver.

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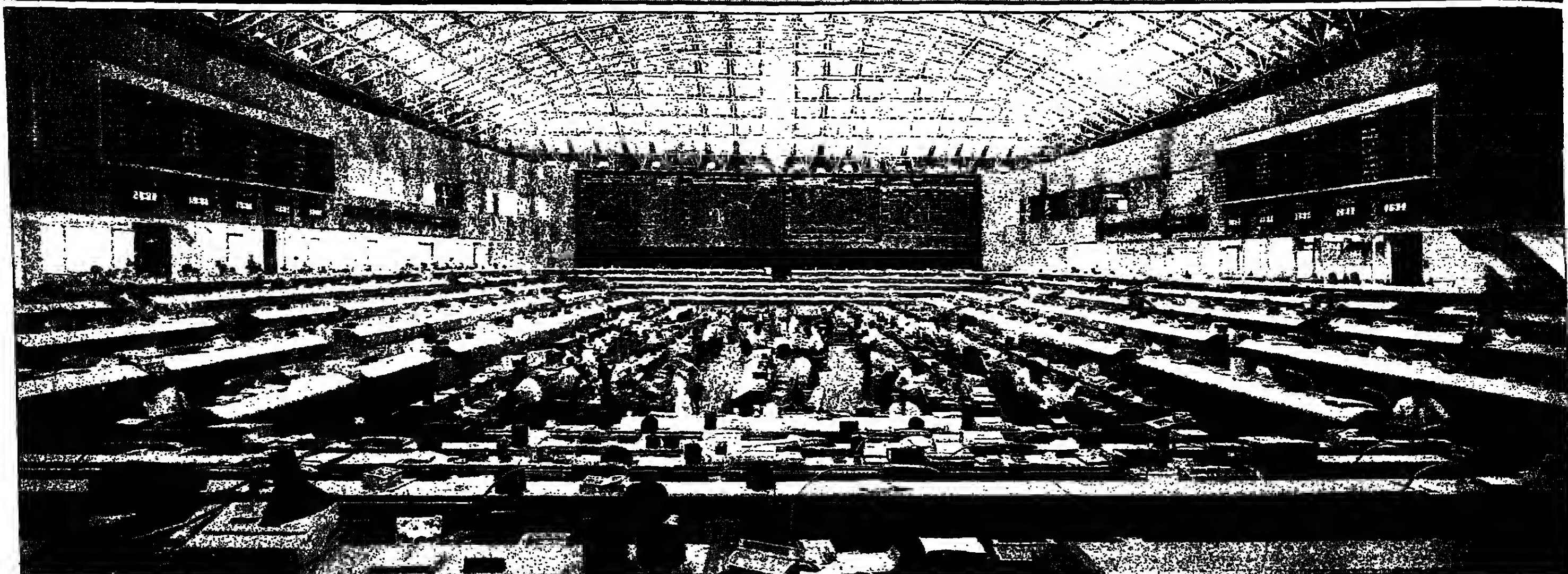


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Sanyo Securities trading centre

Sanyo Securities Co., Ltd. is one of Japan's oldest and largest securities houses. In a systematic effort to differentiate its services advantageously from competitors, Sanyo has moved aggressively to develop new and better ways of maximizing value for clients in brokerage, investment banking, and related services. Sanyo calls this "changing the rules of the game." It's a fresh and stimulating approach, and it has proven especially appealing to non-Japanese clients who are seeking new perspectives on the Tokyo market.

Markets are becoming more complex, more interdependent. When

currencies move, bonds respond; when bonds move, stocks respond; and when stocks and bonds move, the financial derivatives—convertible bonds, warrant bonds and index futures—respond.

In this new reality, trading requires a new perspective, which can only be gained by a new environment—a working environment where traders can respond to information flows from a multitude of sources, and feel the pulse of every market. The need is not so much for a trading room, as for a trading centre. And that is exactly what the new Sanyo Securities trading 'room' is: a centre. It is the only trading centre

anywhere that has been designed and built from the ground up specifically for this purpose. It is the largest continuous open work space in the world. It incorporates the latest developments in financial technology and represents the best vision of how to meet the growing global market needs of Sanyo's clients. Sanyo Securities Co. says in its annual report that no equity market in the world matches Japan in vigour of demand or in depth of supply. The Japanese economy continues to generate liquidity on an unprecedented scale, and this liquidity is the inexorable dynamic of the Japanese stock market. It is the

chief reason that the Tokyo market recovered more quickly than any of the world's other major stock markets after the Black Monday crash of October 1987 and has long since gone on to new highs.

Japanese equities are the most interesting investment in the world today. At Sanyo, a multinational team of traders, brokers and researchers helps investors come to terms with opportunity and risk in the Japanese stock market. This team devotes special attention to the needs of overseas investors, bending over backwards to make sure that these clients receive the same up-to-the minute information.

S. Futaba, director, Sanyo Securities Co., Ltd.

Investors retain confidence

JAPANESE direct overseas investment is swelling rapidly in recent years. At the same time, foreign investment in Japan, too, is increasing sharply. The value of notifications received by the Finance Ministry regarding foreign investment in Japan was just a bit more than \$900 million a year in fiscal 1985 and 1986, but soared to \$2.2 billion in fiscal 1987 and to \$3.2 billion in fiscal 1988.

Investment in Japan by US corporations jumped from \$938 million in fiscal 1987 to \$1.774 billion in fiscal 1988, an increase of as much as 89 per cent. Investment by European corporations increased from \$448 million to \$817 million, a growth of 82 per cent. In addition, investment by foreign-affiliated firms in Japan totalled \$300 million in fiscal 1988.

It was in 1986 that Japanese direct investment in the US and Europe soared due to the yen's appreciation and trade friction. About a year later, American and European investment in Japan increased. The first reason for this was that the Japanese market grew into a huge size next only to that of the US as a result of Japan's overcoming the impact of the strong yen and expanding domestic demand.

Vigorous plant and equipment investment and sophistication of consumption spending have made Japan into the most promising market for American and European manufacturers.

The second reason is that Japan is the best country as the production base of high-tech industries, such as semiconductor, computer, machinery, new materials and pharmaceuticals. American and European corporations stepped up their investment to Japan as a manufacturing base for the most advanced products and even as a R&D base. They felt that Japan's management resources, such as technology, capital labour force and



Recognizing that quality information is the essence of quality service in today's capital markets, Sanyo invests proportionally more of its revenues in computer systems than any other securities house in Japan.

capacity to supply high-tech parts were an immense attraction. The third reason is that, with eyes on Asia's striking growth, American and European multinationals positioned Japan as a vital strategic base in the global context.

Ordinarily, the relatively steep climb of wages in Japan due to the yen's appreciation and the soaring of land prices would be factors which restrain investment in Japan. But, it seems that attractive points which outweigh the minus factors have appeared. Although foreign investment in Japan is increasing, as of March 31 last year the value of foreign investment, totalling \$12.8 billion, was not even 7 per cent of the value of Japanese overseas investment totalling \$186.4 billion. Thus, the imbalance between in-out and out-in investment remains huge.

According to the US Department of Commerce's data obtained from a survey of American corporations, their overseas capital expenditure in 1988 totalled \$42.8 billion, up 24 per cent over the year before. American capital expenditure in Japan increased by a whopping 70 per cent to reach \$1.2 billion. Investment by the machinery (includes computer) and electric/electronic equipment industries doubled. IBM Japan Ltd., which is the highest overseas production base of International Business Machines Corp., increased the production of large multipurpose 3090 and semiconductor.

At the same time, it is rapidly expanding its R&D division. The world's second largest computer maker, Digital Equipment Corp., started production in Japan of super-mini-computer and medium-type multipurpose machines.

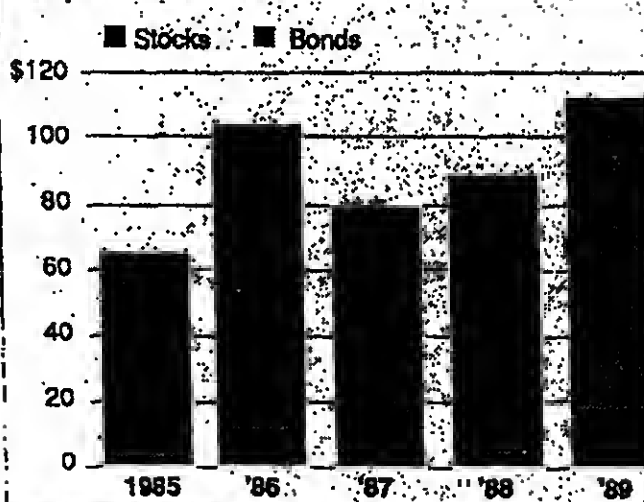
Other American manufac-

turers, too, are starting up production in Japan. Many software houses, too, have moved into Japan. Texas Instruments Inc., Motorola Inc. and others are stepping up the production of semiconductors through their Japanese subsidiary or joint ventures. This is a field in which Japanese firms themselves are strong. With the advance into this country of these foreign firms, Japan is becoming increasingly more like the world's high-tech centre.

The American chemical industry's per cent investment in Japan increased in 1988 by 75 per cent. Especially conspicuous was the investment made by such firms as E.I. du Pont de Nemours and Co., The Dow Chemical Co., and The Upjohn Co. for the manufacture of high-tech chemical products and for the establishment of research laboratories. It was not only American companies,

Japan Boosts Stock and Bond Investments Abroad

Net purchases in billions of dollars



Sources: Reuters, Bank of Japan

The giant European chemical manufacturers, such as Imperial Chemical Industries PLC of Britain, Bayer AG, BASF AG and Hoechst AG of West Germany, and Ciba-Geigy Ltd. of Switzerland are increasing their investment in manufacturing and R&D in Japan. The chemical industry is one of the few fields in which Japan is weak competitively vis-a-vis America and Europe. This makes the American and European companies all the more eager to advance into Japan.

In the distribution industry, riding on the wave of sophistication of Japanese consumption, there was an increase in investment to strengthen organizations in Japan for selling brand products, such as Mercedes Benz and BMW of West Germany, Louis Vuitton of France, and various brands of British Scotch whisky.

As Tokyo has become the

world's largest financial and capital market, investment by US and European financial institutions, too, has increased. With the recent opening of the Japanese market and easing of restrictions, there has been an increase in the number of foreign construction, transportation and communication corporations advancing into Japan.

Foreign investment in Japan is expected to increase in the future. According to the above mentioned US Commerce Department's survey overseas capital expenditure plans, it is expected that this year the aggregate amount of investment will reach \$48.1 billion, up 12 per cent over the year before. The plans for investment in Japan show an increase of 38 per cent, the highest growth rate for any part of the world. The world-wide capital expenditure of American manufacturing industries will increase 17 per cent.

Non-military aid

Japan still largest donor

Japan plans to extend 1.45 trillion yen (\$9.92 billion) in non-military foreign aid in fiscal 1990, likely making it the world's largest donor country for the third consecutive year, the Foreign Ministry has said.

Reporting to a special cabinet meeting, Foreign Minister Taro Nakayama said the aid to be disbursed in the fiscal year beginning April 1 would amount to an increase of 5.8 per cent from the previous year.

Japan became the world's largest donor of non-military foreign aid in 1988, surpassing the United States, the ministry said. It said aid that year totalled \$9.13 billion.

In fiscal 1990, grants will account for 48.4 per cent of the aid, up from 46.9 per cent the previous year, and will amount to 774 billion yen (\$5.30 billion), the ministry said.

It said the remaining 51.6 per cent, or 826 billion yen (\$5.66 billion), will be official loans.

Japan expects to receive about 150 billion yen (\$1.03 billion) in loan repayments, reducing the overall aid budget cost to 1.45 trillion yen (\$9.92 billion), it added.

A foreign ministry official, speaking on condition of anonymity, said the nation's officials development assistance budget for fiscal 1990 is expected "to exceed that of the United States," whose figures will be known at the end of this month.

But the official said Japan's ODA budget will show a 2.8 per cent reduction from fiscal 1989 in dollar terms because of the Japanese yen's declining value against the US Dollar.

Of the grants, those to be extended to international organizations such as the International Development Association are to increase 14.8 per cent from fiscal 1989.

Japan has promised to supply a total of \$3 billion to the IDA over the next fiscal year.

Iraq to expand oil exports

C. Itoh renews contract

C. ITOH and Co. has renewed a one-year direct deal contract to import crude oil from Iraq.

From October 1989 to September 1990, C. Itoh will import 100,000 barrels per day in response to Iraq's request for the contract renewal. Iraq is seeking to expand crude exports to obtain foreign currency for postwar economic rehabilitation projects.

C. Itoh will import Basra Light medium-grade crude oil, for sale mainly to foreign-affiliated oil companies in Japan, the company said.

So far Iraq imports into Japan under direct deal contracts, at a daily rate of 140,000 barrels, have been almost entirely carried out by Mitsubishi Corp.

However, Iraq recently urged other trading firms, including C. Itoh, Marubeni Corp. and Bishio Iwai Corp., to purchase 10,000 barrels of crude oil a day each.

Meanwhile, Iran is seeking Japanese expertise and finance for a five-year plan aimed at reviving its war-torn economy, Japanese trade officials said last week.

An Iranian Oil Ministry mission on a week-long visit to Tokyo unveiled details on a new economic plan allowing for the use of up to \$27 billion of foreign debt in meetings with executives at Japanese trading companies.

On the Iranian project list are oil and gas development, refinery upgrading and petrochemical production. One source said Iran wants to develop super heavy crude oil fields, which have reserves estimated by Iran to total 30 billion barrels.

Trade sources said the delegation, led by Deputy Oil Minister Madjed Hedyatsadeh, gave no details of the projects.

An official at a Japanese trade house said Iran wants to upgrade its refineries to raise domestic lubricant supplies.

Surplus falls 'are key to market stability'

FRESH disruptions of international financial markets, similar to Black Monday in October, 1987, could occur unless Japan continues to reduce its current account surpluses, the Organisation of Economic Co-operation and Development has warned in its latest annual survey on the Japanese economy.

"The Japanese current external surplus needs to be seen as part of an international pattern of surpluses and deficits, a pattern which if it continued for a prolonged period—might lead to cumulative positions that could engender financial market disruption," the report says in its concluding section.

Despite this stern warning, the OECD gives the Japanese authorities high marks for the progress they have made in

restructuring the economy away from dependence on exports in the past few years, and for the reductions to date in the country's surpluses in terms of gross national product.

Japan's seasonally-adjusted industrial production in October increased 0.4 per cent over the preceding month, up from the preliminary growth rate of 0.3 per cent, the Ministry of International Trade and Industry has reported.

The ministry said the production index stood at 119.7 against the 1985 base of 100.

Ministry officials said production was sluggish in such sectors as metal, textiles and general machinery as they cut their production during October.

The officials estimated industrial

production for fiscal 1989, ending next March 31, will grow at a range between 4.6 per cent and 5.5 per cent.

Reflecting sluggish exports of automobiles and steel products, the shipment index fell 1.1 per cent to 119.3, the officials said.

The inventory index rose 1.4 per cent to 109, they said.

Japan's trade minister has declined in effect a United Auto Workers' call for a cut in Japanese car exports to the United States and said he will decide whether to extend or remove voluntary restraint in the near future.

Hikaru Matsunaga, minister of international trade and industry which oversees Japan's foreign trade, said a quota

reduction is very unlikely.

There are three alternatives as I understand it. First to scrap the current voluntary auto restraint, second to maintain the status quo, and last choice to cut the quota, he said, adding:

The last choice is "very unlikely." Matsunaga said "I will make up my mind (on the matter) in the near future after reviewing various factors."

The Japan Automobile Manufacturers' Association said Japan's car exports to the United States have begun to shrink since July last year and there are little signs that they will pick up in the near future.

Japan's car shipments to the United States were about 200,000 units short of the ceiling last year. Sluggish demand

and expansion of local production by Japanese automakers in the United States were cited as principal reasons.

Shoichiro Toyoda, president of Japan's top automaker Toyota Motor Corp. and head of the Auto Manufacturers' Association, called for abolition of the voluntary restraint.

"It (the voluntary restraint) is no longer necessary because Japanese car exports (to the United States) will fall short of the quota for the third straight year."

He estimated Japanese exports this year will be about 10 per cent below the limit.

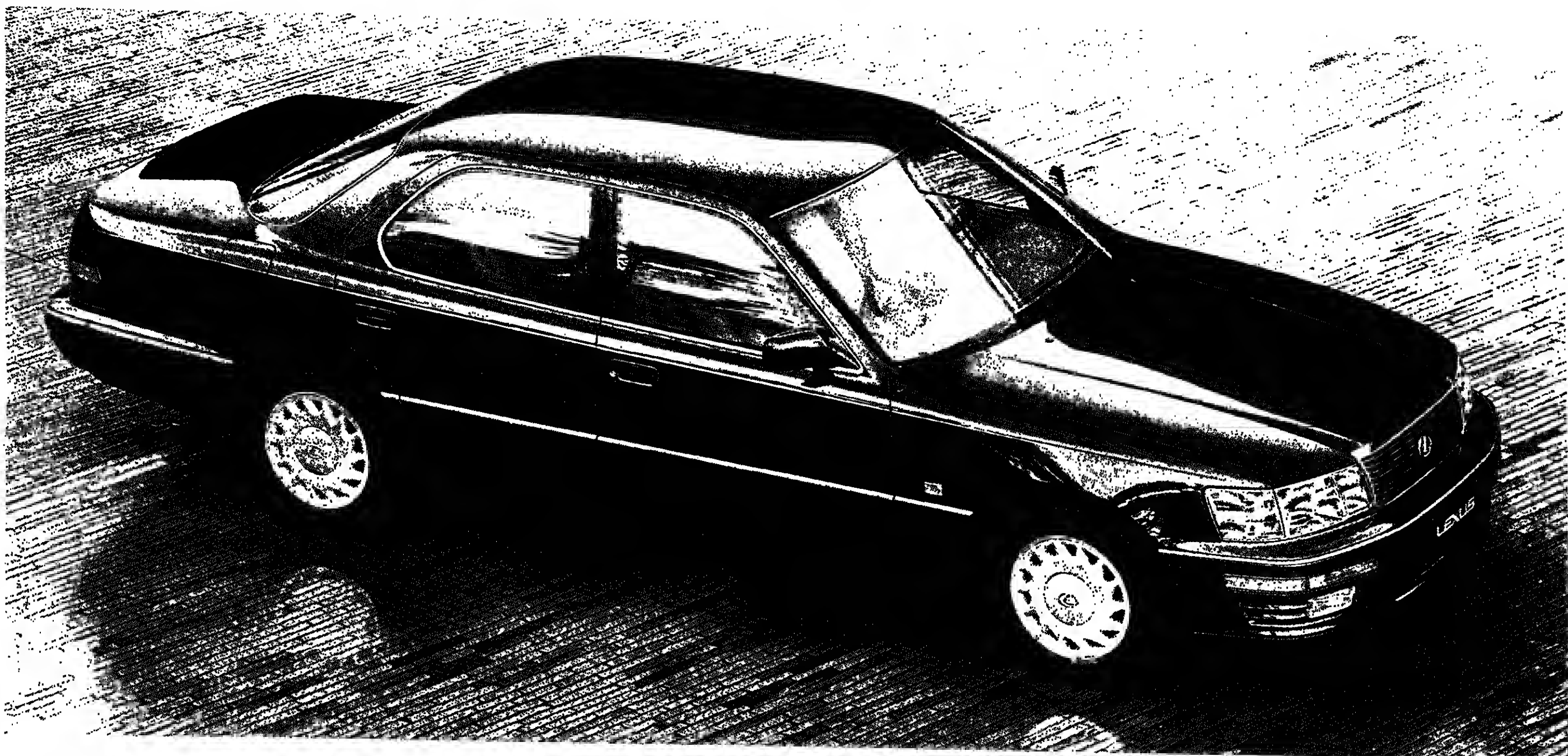
Toyoda has been an opponent of the quota system, which he says is against the principle of free competition.

C. Itoh & Company:
trade, 1989¹
(¥ million)

	1989	1988	% change
Domestic	9,275,224	8,640,200	+7.3
Export	2,135,172	2,222,210	-3.9
Import	1,724,138	1,678,312	+2.7
Offshore	2,899,706	2,999,206	-3.3
Total	15,964,241	15,539,928	+2.7
Gross trading profit	331,672	278,142	+19.2
Net income	30,442	25,382	+19.9

¹Fiscal year (April 1988-March 1989)
Exchange rate: \$1 = ¥132.20 (March 1989)
Source: C. Itoh & Company

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Toyota to sell ambulances to Hungary

Automakers brace for growing competition

Move to expand overseas production

ANTICIPATING sluggish exports in 1990, Japanese automakers are bracing for sharper competition on the domestic market while trying to expand their overseas production.

Major Japanese car manufacturers have set a higher domestic sales target for cars and commercial vehicles this year in a move to expand their market shares.

Their combined sales targets for this year totalled about 7.6 million units, including about 1.8 million minivans.

They predicted their exports this year will remain almost unchanged at 5.9 million units.

"Competition among Japanese automakers on the domestic market will inevitably intensify this year because they have set a substantially high sales target each," said an official of the Japan Automobile Manufacturers Association.

Domestic sales of cars and commercial vehicles in 1989 totalled 7.09 million units, including 1.7 million minivans.

Shoichiro Toyota, president of Japan's top automaker Toyota Motor Corp., said in a New Year message that the company aims to sell 2.48 million units in 1990, up from 2.31 million units in 1989.

He predicted the company's overseas sales will remain almost unchanged at 1.68 million units mainly because "we do not expect the US market to recover its past strength."

Yutaka Kume, president of Toyota's arch rival Nissan

Country	Worldwide total	Worldwide cars	Worldwide trucks and buses	Japanese cars	Japanese trucks and buses
Bahrain	4,734	4,046	688	1,825	622
Cyprus	19,225	12,699	6,526	8,580	2,235
Egypt	12,547	5,292	7,255	6,299	956
Iran	20,684	6,064	14,620	40	11,213
Iraq	731	319	412	46	61
Jordan	6,791	3,022	3,769	1,611	3,256
Kuwait	36,716	27,698	9,018	13,064	6,266
Lebanon	1,424	1,343	81	426	50
Oman	15,855	9,742	6,113	7,588	5,943
Qatar	9,070	3,687	5,383	2,525	3,033
Saudi Arabia	153,163	81,211	71,952	51,385	58,966
Syria	472	472	0	21	14
Turkey	26,678	21,133	5,545	972	1,682
UAE	34,306	25,731	8,575	16,670	7,465
North Yemen	536	536	0	55	291
South Yemen	1,023	52	444	339	643
Middle East total	412,218	268,608	143,610	133,212	116,565

Source: Japan Automobile Manufacturers Association

Motor Co., vowed to strengthen its sales organisation to attain its goal of selling 1.5 million units annually in order to expand its market share to 30 per cent.

The company's domestic sales grew 13.7 per cent in 1989 to 1.064 million units, including 997,104 passenger cars, up 15.8 per cent.

Honda Motor Co., has set its domestic sales target at 725,000 units, up 8.7 per cent. It anticipated a 3.5 per cent decrease in exports to 660,000 units because of expanding overseas production.

Mitsubishi Motor Corp., the Japanese affiliate of Chrysler Corp. of the United States, set a

domestic sales target of 700,000 units, up 5.0 per cent, and exports of 600,000 units, up 3.0 per cent.

In addition, the company said, it plans to import 8,000 units from its joint venture with Chrysler in the United States this year.

Mazda Motor Corp., affiliated with Ford Motor Co. of the United States, projected domestic sales of 560,000 units, up 14.3 per cent, against a 0.1 per cent decrease in exports to 800,000 units.

Mazda president Norimasa Furuta said the company plans to raise the domestic sales share in 50 per cent over the next few years.

Foreign automakers have also projected their combined sales in Japan for 1990 at 240,000 units, up 33.3 per cent over last year.

West German cars accounted for 66 per cent of the total imported car sales in Japan in 1989.

"We welcome competition, through competition, we will grow because Japanese customers want something different and we are stronger than our competitors in this area," said Hans-Peter Sonnenhorn, president of BMW Japan, the Japanese subsidiary of the West German car maker.

While introducing new attractive models early this year, the company will consolidate its

Car production, exports and imports, 1987-88

	Production	Exports	Imports
Japan	8,198	7,891	4,432
US	7,137	7,099	668
West Germany	4,346	4,374	2,307
France	3,223	3,052	1,833
Italy	1,884	1,713	686
Spain	1,498	1,403	799
Soviet Union	1,262	1,328	339
UK	1,226	1,143	261
Canada	1,027	810	853
World total	34,844	32,762	11,656

Important tax tariff rates on cars, as of January 1987, were: Japan — free; US — free from Canada, but 2.5 per cent from other countries; EEC countries — free from EEC and EFTA member nations, but 10 per cent from other countries.

Source: JAMA (Japan Automobile Manufacturers Association)

dealer network to attain its sales goal of 37,000 units, up 12.0 per cent over last year, Sonnenborn said.

Imported car sales accounted for about 4.0 per cent of the Japanese car market.

"We do not expect intensified competition between Japanese and foreign car makers because we are trying to develop a new market here in Japan," said a spokesman for the Japan Automobile Importers Association.

"Most of our customers are those who switch from Japanese cars to imported cars," he said.

Foreign car makers benefited from Japan's first sales tax

introduced last April under which the acquisition tax was lowered to a uniform 6.0 per cent from old rates ranging from 18.5 per cent to over 23.0 per cent.

In line with their import promotion programmes, Japanese automakers plan to increase "reverse exports" of vehicles produced at their factories in North America.

Some makers also announced plans to increase sales of cars produced by their foreign partners.

Overseas production by Japanese automakers is expected to reach 1.1 million units in fiscal 1990, starting next April 1, up from an estimated 850,000 units

this year.

Industry sources said the Japanese share on the US car market is expected to reach 30 per cent in fiscal 1990, up from the current 26 per cent.

Japanese exports of finished cars to the United States in the current fiscal year are estimated at about 1.8 million units, falling short of the 2.3 million unit voluntary quota for the third straight year.

Toyota and Nissan, have reported mixed results in exports for 1989, with Toyota's exports declining 8.1 per cent over the previous year while Nissan posted its first rise in four years.

Toyota cited sluggish exports to the United States as the main reason for its drop.

Toyota, the nation's No. 1 carmaker, said total exports for 1989 was down 8.1 per cent to 1,669,130 units—the first decline in two years that total exports fell below those of the previous year's result.

Nissan's exports for 1989 amounted to 1,064,172 units, an increase of 2 per cent over the year before, representing the carmaker's first rise in four years, its report said.

"This increase in exports reflects 1988's low figure and the favourable reception of new Nissan models in the US market," the company said.

Both Toyota and Nissan reported record domestic vehicle sales in 1989 amid booming domestic demand.

Toyota Motor Corp. has said it has signed a 10-year contract in

Budapest recently to export 2,550 ambulances worth an estimated \$53 million to Hungary.

It was Toyota's largest export deal with Hungary, officials said.

The Nagoya-based company said shipments will begin as soon as Hungary gets ready to accept the vehicles, the official said.

The company said it plans to export 200-300 units annually in the first five years and 250 units a year thereafter, the official said.

Toyota exported only 55 passenger cars to Hungary in the January-November period of 1989 and 181 units in 1988.

Meanwhile, Mitsubishi Motors Corp., Japanese affiliate of Chrysler Corp. of the United States, said it aims to more than triple its vehicle and auto parts imports to 100 billion yen (\$689 million) by March 1993.

The Tokyo-based company said the target figure represents a 3.6-fold increase of the 1988 level of 27.5 billion yen (\$190 million).

The company said imports of auto parts will more than double to 65 billion yen (\$448 million) while vehicle imports will increase 90-fold to 35 billion yen (\$241 million).

It said 10,000 cars to be manufactured at its plants in the United States and Australia will be brought for sale in Japan while 5,000 vehicles will be imported from Daimler-Benz AG of West Germany.

The company said it also plans to market Chrysler vehicles in Japan.

Merger reflects strong liberalisation

Deregulation to continue

JAPAN'S financial institutions are set to take a number of small but important steps this year as part of the nation's slow march toward financial liberalisation.

From the introduction of lower-denomination money market certificates to the merger of two major banks, 1990 is shaping up as another year of gradual but significant change within the industry.

The changes will mean increased competition between and among city and regional banks, post offices and securities companies. In turn, as restrictions on interest rates are eased, smaller institutions will face increased pressure to merge or to find new profit centres.

Despite the financial changes, the tempo in Japan is slower than in overseas markets, according to executives. Indeed, if Japan fails to accelerate the pace, financial friction with the US and European nations is likely to flare this year, says Shinichi Ohta, managing director of Mitsubishi Corp.

Japan's continuing series of financial deregulations began about five years ago after the US Treasury Department and the Finance Ministry started holding regular "Japan-US Yen-Dollar Committee" talks as ways to open each other's financial markets.

Last year, financial liberalisation included a new short-term prime lending system, the start of a price auction system for 10-year government bonds and the introduction of so-called Super MMCs or ¥3 million money market certificates. A new exchange, the Tokyo International Finance Futures Exchange, also started trading.

This year, there will be further activity in opening up financial markets to more participants, particularly small investors.

For example, on April 2, ¥1 million money market cer-

The changes will mean increased competition among city and regional banks, post offices and securities companies. Smaller institutions will face greater pressure.

tificates will be introduced for the first time. At present, the smallest denomination certificate is ¥3 million.

The reduced amount is likely to stimulate sales of the relatively high interest-bearing money market certificates among Japanese savers.

According to a Finance Ministry survey, some 80 per cent of individuals who hold a time deposit account at a commercial bank are wealthy enough to be able to buy the small-denomination certificate.

Currently, a three-month MMC pays 4.6 per cent, compared with 2.32 per cent for a three-month time deposit.

In a related move, the Finance Ministry is considering lowering the smallest sales unit of large-denomination time deposits from ¥10 million in either ¥7 million or ¥5 million during the year.

While interest rates on MMCs move in a fixed range, large-denomination time deposits freely fluctuate according to movements in money markets.

According to financial analysts, introduction of new money market products carrying semi-regulated or unregulated interest rates will inevitably lead to increased costs for banks.

And if the reverse spread between long- and short-term interest rates remains unregulated, banks' profitability will be more strained than before, said Fuji Bank managing director Kunitake Nomura.

For at least two Japanese banks, 1990 is set to be a year of

massive change.

On April 1, the beginning of the new fiscal year for many companies, Mitsui Bank and Taiyō Kobe Bank will merge to become the Mitsu Taiyō Kobe Bank.

That bank will be Japan's and the world's second largest, following Dai-ichi Kangyo Bank.

According to Mitsu Bank president Kenichi Sumatsu, the merger reflects the strong liberalisation and internationalization pressures on banks these days.

Indeed, many analysts expect other banks to merge, despite statements by former Bank of Japan governor Satoshi Sunita that another such merger is unlikely.

Already, Tokyo financial observers are speculating that Sanwa Bank and Hokkaidō Tokai Bank, two of the 13 city banks operating nationwide, may announce a marriage before year's end.

Another banking trend, noted in a recent Nihon Keizai Shimbun survey, is the increasing pourchase by long-term credit banks and life insurance companies of shares of smaller regional banks, in order to strengthen their influence. In a separate move, four of the 404 Japanese credit co-operatives plan to merge in April.

Liberalisation is also set to hit the securities industry this year. For example, securities houses are set to review their present fixed underwriting and stock brokerage commissions.

In turn, the lowering of commissions is expected to have a considerable impact on profitability, analysts said.

New plant planned

Matsushita chooses Texas

MATSUSHITA Electric Industrial Co., Japan's largest electronics company, has chosen Texas for building its ambitious manufacturing complex but no decision on a specific location has been made, a company spokesman has said.

A copyright story in the Dallas Morning News said the Fort Worth area has been selected as the location where the electronic giant, which makes the popular Panasonic products, is negotiating to acquire 1,000 (400 ha) acres of land on which to build a 500,000 square-foot (465,000 sqm) campus-like facility to manufacture a number of electronic products.

Justin Camerlingo, a spokesman for the company's US subsidiary, Matsushita Electric Corp. of America, in Secaucus, New Jersey, said it has not made any commitment to the Fort Worth area.

"It is Texas for sure and no other state," he said. "But what

we are saying is we are not yet committed to the Fort Worth area. Certainly it is one of the possibilities and we do have an active interest in the general area and negotiations are going on. But we are not excluding other parts of the state."

The Morning News, quoting industry and trade sources, said the company has narrowed its choices in Tarrant or Denton counties near Fort Worth's new airport.

The area is near where Tandy Corp. has a factory that builds personal computers sold under both the Tandy and Panasonic brands.

"It's probably in your area," the newspaper quoted another Matsushita spokesman as saying.

But Camerlingo said the final decision is expected to be made in this quarter. "It could be as short as one month and it could be two months," he said.

He said the company currently

does not even know how many factories and plants would be located at the campus site.

"If Matsushita does, in fact, put a major manufacturing, distribution and sales operation in Texas, it will be a tremendous boost to the state in solidifying its position as one of the major centres for the electronic industry in the United States," said Bernard Weinstein, director of Centre for Economic Development and Research at the University of North Texas in Denton, near Dallas.

"Both the Dallas-Fort Worth and the Austin areas already have a large number of companies in electronics, telecommunications and instrumentation and this would complement their base significantly. I believe the economic impact of Matsushita coming to Texas would be just as significant as the relocation of J.C. Penney and that of the superconducting supercollider," he said.

JAL profits soaring

Boom in overseas travel

JAPAN AIRLINES CO. projects its consolidated net profits in the current business year ending March 1990 will hit a record high of ¥30 billion, up 49 per cent from a year earlier. The profits rise is attributed to the boom in overseas travel as well as the recovery of its price-competitiveness in domestic air service due to the abolishment of the passenger tax.

JAL's passenger traffic receipts in the half year ended September rose 11.8 per cent, while its revenues from freight operations in the same period expanded 10.9 per cent.

The firm has been maintaining its strong business performance in the current half-year, with an average seat-occupancy rate of more than 70 per cent. The domestic air-service sector is expected to turn into the black. Unconsolidated net profits in the current year are expected to rise 50 per cent to ¥26 billion. The ratio of consolidated net profits to unconsolidated net

profits will remain approximately the same at 1.15.

Meanwhile, Yamatake-Honeywell Co. reported an annual 45 per cent rise in its consolidated net income for the year ended September to reach ¥8.2 billion, as the parent and all other group companies posted increases in earnings. Consolidated sales picked up 18 per cent to nearly ¥158 billion, it said Dec. 22.

Its consolidated net income reached 145 per cent of after-tax profits of the parent.

Sales of automated systems for use in buildings increased more than 18 per cent, and those of industrial-use automation systems rose almost 20 per cent, the company said.

The parent's strong performance helped push up earnings of its five consolidated subsidiaries. They are engaged in parts production, maintenance and sales activities for Yamatake-Honeywell's products.

The firm, 50 per cent owned by

Honeywell Inc. of the US projected its group sales would rise 7.6 per cent in the year through next September to reach ¥170 billion.

Sumitomo Chemical Co. will likely see its net profits on a consolidated basis amount to ¥34 billion in the year through December 1989, down 13 per cent from a year earlier, company sources said. The fall is attributed to the decline in profits of its Singapore unit and the losses suffered by its Japanese consolidated subsidiary, Sumitomo Chemical's unconsolidated profits for the same period are projected to rise 34 per cent to ¥20 billion.

The announcement was the first by Japanese banks and it attributed to Mitsubishi's listing of its shares on the New York Stock Exchange, which requires listed firms to disclose business results twice a year.

Meanwhile, Sansui Electric Co.'s liabilities in excess of assets totalled ¥13.8 billion for the year ended October 1989.

Toyota, Nissan post record sales

Output climbs

AMID booming consumer spending and continuing economic expansion in Japan, both Toyota Motor Corp. and Nissan Motor Co. posted record domestic sales for 1989.

Statistics released by Japan's two largest automobile makers also show increases in both their domestic and overseas production for the year. However, while exports by Nissan grew slightly, Toyota's exports fell from a year before, reflecting a steep increase in overseas output.

Toyota posted total domestic sales of 2.3 million units, up 8.9 per cent from a year earlier. As a result, Toyota held a 31.8 per cent market share, up 0.3 percentage point. Toyota produced a total of four million units in 1989, up 0.2 per cent from the 1988 record.

Nissan's domestic sales for 1989 totalled 1.3 million units, up 14 per cent, and market share rose 0.3 percentage point to 23.7 per cent. Nissan's total production for 1989 was up 11 per cent at three million units.

According to officials at Toyota and Nissan, a booming economy and rising personal consumption in Japan is pushing up sales of automobiles and other goods. Industry statistics show Japan's motor vehicle market grew 8 per cent in 1989, with sales totalling 7.3 million units.

Toyota's exports totalled 1.7 million units, down 8.1 per cent, reflecting a wide increase in the company's overseas production, which rose 93 per cent to 471,987.

Nissan's exports amounted to 1.1 million units, up two per cent. The company attributed the increase to 1988's low figure and the favourable reception of new Nissan models in the US. Nissan's overseas production grew 16 per cent to 636,224 units.

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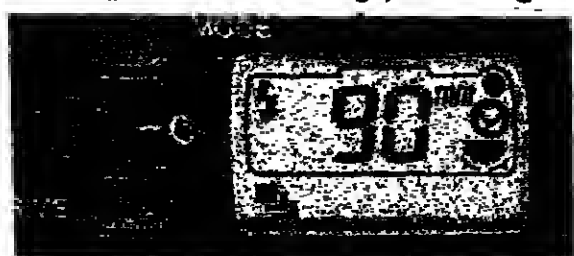
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Technology imports surge

\$73.8b spent on research

Japan: Imports to the Middle East, 1984-89

	1984	1985	1986	1987	1988	Jan-Jun 1989	Jan-Jun 1988
Arab countries	30,246	27,714	17,666	18,578	18,419	10,016	10,726
% of world	22.2	21.3	13.9	12.4	9.8	10.9	9.8
Algeria	85	117	129	158	312	208	82
Bahrain	363	291	295	305	308	184	180
Djibouti	0	0	0	0	0	0	0
Egypt	253	540	258	220	234	0	0
Iran	172	593	971	676	828	148	80
Jordan	27	30	30	30	34	17	550
Kuwait	1,588	1,167	1,170	1,795	1,590	911	959
Lebanon	2	1	1	2	3	1	1
Libya	62	8	8	0	6	1	0
Mauritania	123	37	138	146	186	83	85
Morocco	2,420	3,989	1,635	1,500	212	107	113
Oman	2,594	2,181	1,143	1,414	1,690	1,010	793
Qatar	14	0	0	7,311	1,139	682	831
Saudi Arabia	0	10,436	5,279	0	6,348	3,263	3,554
Somalia	49	49	43	43	60	0	45
Sudan	2	4	7	4	7	6	1
Syria	7,720	8,926	6,022	5,408	5,324	2,711	2,689
Tunisia	46	41	33	22	19	17	14
UAE	1	14	1	2	98	66	79
Yemen (Aden)	3,192	3,012	1,916	0.3	0.4	0.4	0.3
Yemen (Sanaa)	2.3	2.3	1.5	1.3	2,050	1,086	1,292
% of world	0.1	0.2	0.1	0.3	0.4	0.4	0.3
Other non-Arab countries	3,192	3,012	1,916	0.3	0.4	0.4	0.3
% of world	2.3	2.3	1.5	1.3	2,050	1,086	1,292
Afghanistan	0	1	1	2	2	1	1
Cyprus	33	42	44	43	58	4	30
Ethiopia	2,869	2,521	1,409	1,556	1,164	638	840
India	240	384	355	492	552	254	307
Pakistan	49	62	188	188	268	136	113
Turkey	33,629	30,943	19,907	21,343	21,155	11,775	11,702
Middle East total	136,203	130,313	127,553	149,515	187,354	91,830	102,418
World total	24.6	23.8	15.6	14.3	11.3	12.5	11.4

Exchange rates: \$1 = Y237.52 (1984); Y238.54 (1985); Y168.52 (1986); Y144.64 (1987); Y128.15 (Jan-June 1988); Y126.81 (Jan-June 1989); Y133.26 (Jan-June 1989)

Source: Japan Tariff Association, Tokyo

Research and development? That's a question being asked more and more often these days as Japan's share of the world economy keeps on rising, and as the scientific environment itself begins to change.

In the past, Japan has tended to focus on practical areas of research with direct applications in manufacturing, but recently there has been a move to emphasize more basic research fields which are considered vital for creation of new industries.

Figures from the 1988 White Paper on Science and Technology put Japan's total expenditures on scientific and technological research at something over Y8,415 billion in fiscal 1986. This was about half the amount spent by the US, but it far exceeded France, West Germany, and other European countries. However, if we take a look at the breakdown of the Japanese

figure, we find that private industry accounted for about 80 per cent of the total, with the government supplying only 20 per cent. It's quite a different story in the US, where the government supplies around 60 per cent of total research funds (though it's only 30 per cent or so if defense spending is excluded).

In the Japanese system, then, commercial enterprises clearly play a leadership role. What's more, their role is increasing: over the past few years research fund spend by private enterprise have been rising by around 15 to 20 per cent per year, while the government's contribution has tended to decrease by one or two per cent.

These efforts by private enterprise have made Japan's manufacturing industry the envy of the world, but criticism persists that Japan has taken a free ride on the back of basic research

originally carried out in the US or Europe. A favourite example is transistor technology: the fundamental research, which gave rise to whole new industries, was carried out in the West, and was later capitalised on by Japanese industry.

The Nihon Keizai Shimbun recently carried out a poll of 301 science and technology experts, asking for their views on this criticism from abroad. The February 1989 poll revealed that 63 per cent of respondents agreed that original, trailblazing research was rare in Japan, and 30 per cent thereby felt that the criticism was justified.

The year 1988 saw a lot of earnest debate about how Japan could best move from a research system devoted to practical technology, to one with more emphasis on fundamental science. It would be a mistake though, to think that Japan's

current emphasis on basic science is no more than a response to criticism from Europe and the US. The fact is that Japan, now one of the most technologically advanced nations, can no longer hope to gain technology from abroad, even if it wants to.

The 21st century will be one in which Japan's high-tech industries have to pay their own way, developing by themselves the necessary scientific infrastructure to support economic growth.

As a major contribution to international scientific co-operation, the Japanese government is pushing its Human Frontier Science Project. This project is a world-wide effort aiming to understand the various mechanisms of the living body, such as the functioning of the brain and nervous system, immunity to disease, and so on — the so-called "final frontier" of scientific research.

The Human Frontier Project was originally proposed by former prime minister Yasuhiro Nakasone at the Venice summit in June 1987, as the first international co-operative basic science research project to be led by Japan. At the time, the various countries involved failed to reach an agreement on the matter, so in June 1988 at the Toronto summit, the then prime minister Noboru Takeshita again advocated the scheme; this time it was accepted.

In the summer of 1988, the Agency of Industrial Science and Technology (AIST) at the Ministry of International Trade and Industry (MITI) started to advise for members of the international research teams, and made available grants of Y150 million to allow researchers from over three developed countries to join the teams at no cost. Five sub-teams will be formed and receive Y30 million each per year for a period of three years.

As an additional incentive, the Japanese organisers have decided that any fruits of the research, such as patents, will remain the property of the individual researchers or their affiliated institutions, not of the Japanese government.

Bush praises 'import superpower' Expansion drive hailed

JAPAN'S new plan to reduce its huge trade surplus and become an "import superpower" drew praise from US President George Bush and Commerce Secretary Robert Moshbacher.

Moshbacher said the Japanese programme of tax and tariff incentives "sounds like an impressive start on the road to building imports" but added that the programme "will ultimately be measured by results."

The Commerce department will help US exporters take advantage of the programme, he said.

Moshbacher's remarks came in a statement that launched, during the Japanese Trade Minister Hikaru Matsunaga, who visited Washington last month, a formal government-to-government programme to identify opportunities for US-Japanese industrial co-operation.

Moshbacher said they had a very successful meeting, "bringing prospects for improving commercial relations and easing friction between the two countries."

Bush told Matsunaga the United States "highly appreciated" the Japanese import expansion programme.

Japanese Prime Minister Toshiki Kaifu told Bush during his 1989 Washington visit of the goal to transform export-heavy Japan into an "import superpower."

The President also praised the joint industrial co-operation initiative announced by Moshbacher and stressed the importance of US-Japanese co-operation on



Toshiki Kaifu

Congress, a Japanese official said.

That was the message given him by Michael Boskin, chairman of the President's Council of Economic Advisors, said spokesman Nomyuki Shikata.

Meanwhile, Vice-President Dan Quayle cautioned the Japanese against a go-it-alone policy in regularising trade and loans with China, the Japanese side said, a message apparently repeated by Bush.

China has asked Japanese banks for \$2 billion in standby credits under an agreement signed in 1985, according to banking officials.

It was the first time China has called for a loan under the agreement.

The move appeared to indicate that China has been squeezed for funds by Western economic sanctions imposed last June, after a bloody crackdown on a pro-democracy movement in China.

The Chinese request, made recently, came seven months before the bilateral loan agreement, signed in July 1985 between a group of 67 Japanese banks and the Bank of China, will expire in July, an official of a major Japanese bank said.

Under the agreement, a maximum amount of \$2 billion would be extended to China with a repayment period of 10 years, the official said.

The Asahi Shimbun newspaper said the request shows the worsening situation of foreign reserves in China as a result of Western sanctions, which included a halt to most lending.

High growth potential for robots

Record business performance

Ohbayashi Company actively started to accept orders from the second half of fiscal 1988, a shift from its previous cautious stance. By effectively reallocating personnel and by focusing on business in the metropolitan area, the company has been increasing its potential workload capacity. It should therefore experience a higher growth rate, in the medium-term in terms of overall business results when

compared to other major companies' performances.

For the first half of fiscal 1989, the company's business results showed an 8 per cent increase in sales, a 32 per cent increase in recurring profit and a 69 per cent jump in net profit. Orders received in that period registered a 26 per cent hike and the gross profit margin improved from 9.4 to 10.3 per cent backed by an excellent industry environment.

For full fiscal 1989, sales are anticipated to increase by 23 per cent to Y1.160 billion as a result of abundant backlog orders.

Owing to the improvement of its non-operating account, including advantages gained from equity financing, as well as to the improved profitability of completed works, recurring profit will amount to Y52 billion, up 58 per cent.

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Pioneer to invest in England

PIONEER Electronic Corp., a major Japanese audio-visual equipment maker, said that it will build a production base in England to manufacture a variety of audio-visual products.

The Tokyo-based company said the production facility will be established in Wakefield, Yorkshire, which was selected after an extensive hunt for an appropriate site.

The project will require total investment estimated at \$27 million and provide jobs to 150 workers initially, the company said. The work force will be increased to 500 within three years, it said.

The company said construction of the facility will begin in April this year with operations scheduled to start in May 1991.

The plant will manufacture only compact disk players initially but enhance its production range to include various hi-fi audio products, car radios and laser disc players/software, the company said.

In the initial stage, the plant will produce 10,000 CD players per month with the volume raised to 50,000 units by 1994.

The company said it intends to make the new plant a production centre for the entire European market.

The company said it plans to raise the ratio of local production to its total sales in Europe to 40 per cent within three years from the present 20 per cent.

Meanwhile, fuelled by brisk domestic demand, Japan's production of four-wheel vehicles, including minicars, hit a record of 13,025,741 units, up to 2.6 per cent over the previous year, the Japan Automobile Manufacturers Association has reported.

The association said exports were estimated at about 5.89 million units, down 3.6 per cent. The association said production of passenger cars jumped 10.4 per cent to 9,052,406 units, also a new high.

Production of trucks fell 11.5 per cent to 3,931,261 units while that of buses plunged 26.7 per cent to 42,074 units, the association said.

AMID continuing economic expansion, Japan's unemployment rate in December declined 0.1 point from the previous month to 2.1 per cent to hit the lowest in eight years and four months, the government reported last week.

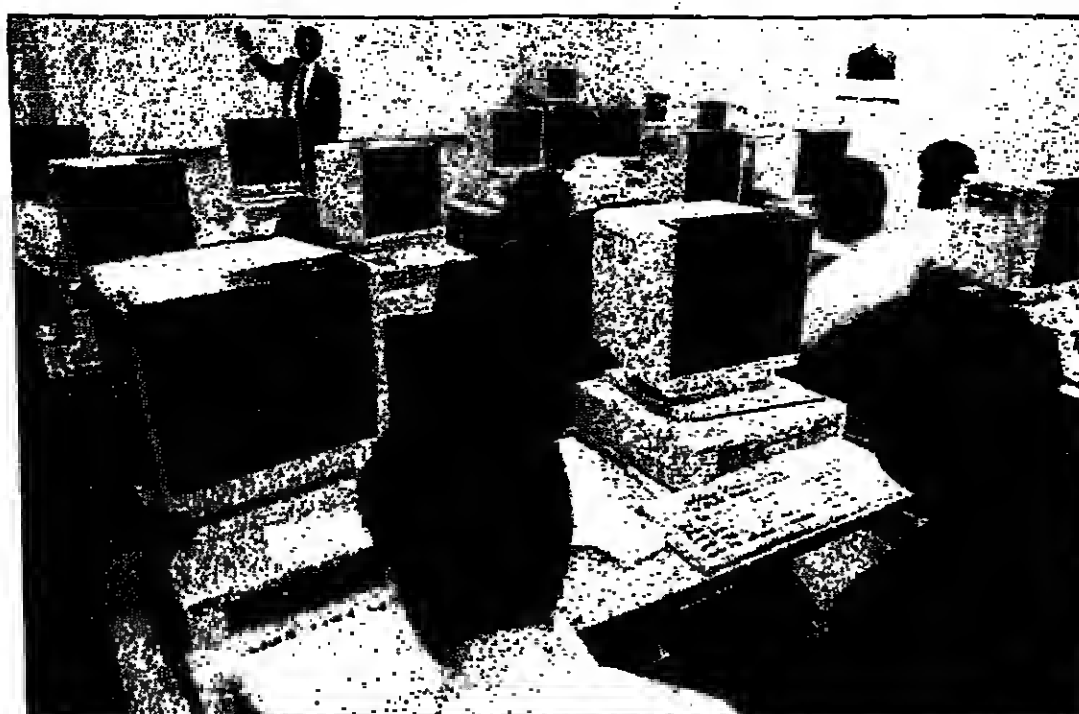
The Management and Coordination Agency said the December rate equalled the previous low of 2.1 per cent set in August 1981.

The agency said the number of unemployed totalled 1.22 million, compared with 1.1 million in December 1988 and lowest since December 1981 when jobless totalled 1.19 million.

Japan's work-force totalled 61.41 million, an increase of 1.39 million over 60.02 million a year ago, marking the largest year-on-year increase since October 1973, the agency said.

By industry, it said, agriculture-forestry accounted for 3.48 million, down 2.5 per cent from a year ago, construction 5.91 million, up 5.0 per cent, manufacturing 14.92 million, up 0.9 per cent, and wholesale-retail and food services 14.29 million, up 0.9 per cent, and wholesale-retail and food services 14.29 million, up 2.7 per cent.

The Labour Ministry said the monthly ratio of job opening to job seekers averaged at a seasonally adjusted 1.25 in 1989.



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The figure meant there were 125 job openings for every 100 job seekers on a monthly average during 1989, the ministry said.

In December, the seasonally adjusted ratio stood at 1.32, unchanged from November, the

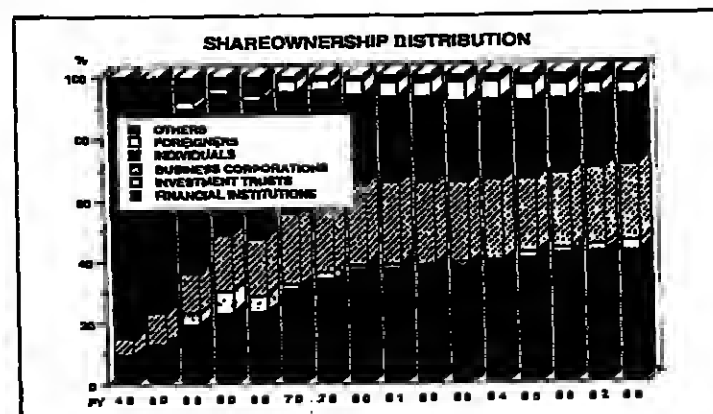
ministry said.

Acting as engines driving the Japanese economy are private plant and equipment investment and personal consumption expenditure. According to the September "Business and Invest-

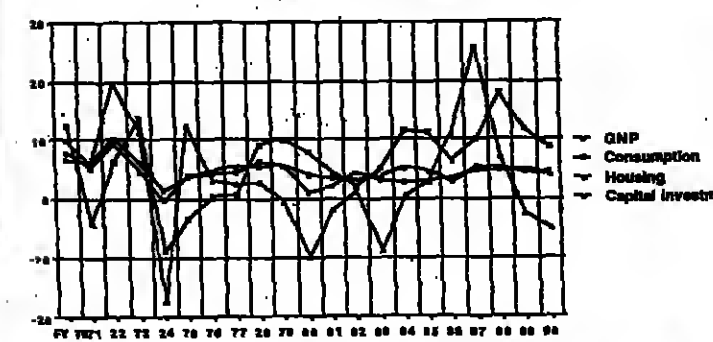
ment Survey of Incorporated Enterprises" by the Economic Planning Agency, capital spending planned by companies in all industries for fiscal 1989 increased 17 per cent over the preceding fiscal year, greatly sur-

Work-force on the rise

Jobless rate lowest in 8 years



GNP Growth



passing the six per cent growth revealed by the March survey. Recent investment has been increased not only to expand production capacity but also to respond to economic restructuring and technological renovation.

Notably, this trend has been spreading widely, in manufacturing and non-manufacturing industries alike. These investments, moreover, are autonomous in nature, that is, practically unaffected by the prevail-

ing pace of business activity or interest rate trends. Thus the current movement in plant and equipment investment can be considered to have a steady underpinning.

Personal consumption, which has been stagnant since April owing to the introduction of the consumption tax, now seems to be showing signs of a recovery. Total sales of department stores nationwide during the April-June quarter posted a decline of 1.1 per cent year to year, then picked up momentum, registering a gain of 6.1 per cent in July-September and an increase of 8.6 per cent in October.

Reflecting the good showing of corporate business results, year-end bonuses saw bigger increases than in the previous year, which is likely to further stimulate personal consumption.

Housing investment also is relatively active in part because construction work for contracts concluded just before the introduction of the consumption tax is ready to get under way and in part because expectations of higher interest rates in coming months are growing among potential new home owners.

The Japanese economy will continue to expand in fiscal 1990, with a real GNP growth rate of 4.5 per cent.

Japanese government to extend car export controls to US market

THE Japanese government, in an apparent move to forestall an escalation of trade friction with the United States, announced last week Japan will continue voluntary controls on car exports to the US market for another year, starting April 1.

International Trade and Industry Minister Hikaru Matsunaga, in announcing the decision at an emergency news conference said the ceiling, which will remain at 2.3 million units a year, will be removed as soon as a steady decline in exports is ascertained.

"The decision was made in consideration of various factors such as the demand outlook for US and Japanese car markets, foreign exchange fluctua-

tions and Japanese cars in stock in the United States," he said.

Matsunaga said a steady decline in Japanese car exports to the United States has yet to be ascertained.

The decision was made amid signs of escalating trade friction between the two countries in the wake of bilateral negotiations to open the Japanese market to the US imports.

Japan's trade surplus with the United States topped \$50 billion in recent years.

Ministry sources said the decision also is aimed at easing growing concern in the US automobile industry over a steady rise in the Japanese share of the US car market.

United Auto Workers Union leader Owen Bieber has urged Japan to reduce the car export quota to 1.5 million units next year, warning that the US auto industry will suffer an "intolerable damage" if the quota is maintained at the current level.

US car sales are expected to fall below 10 million units in 1990 in line with a gradual slowdown in the US economy.

The national daily Mainichi Shimbun said the most important consideration given by the ministry lay in the fact that sales by the top three US automakers dropped 20 per cent in 1989 while Japanese car sales climbed to a 30 per cent market share for the first time.

Executives of the Japanese auto industry were divided over the Japanese decision.

Shoichiro Toyota, president of Japan's top automaker Toyota Motor Corp. and an advocate of an early removal of the restrictions, said "it is regrettable, although I think the ministry made the decision after a comprehensive review of the existing state of relations between Japan and the United States."

Yutaka Kume, president of Nissan Motor Co., called the decision "a practical choice" to avoid a further worsening of trade relations between the two countries.

Japan's car exports to the United States in 1981. The annual ceiling was set at 1.68 million units from 1981 to 1983. The volume was raised to 1.68 million units in 1984 and to 2.3 million units in 1985.

Japanese car manufacturers, however, failed to consume their quotas over the last three years mainly because of sluggish demand on the US market and expansion of their local production in the United States.

Meanwhile, Japanese automaker Nissan Motor Co. has said it has developed the world's highest four-speed automatic transmission for use in front wheel-drive cars.

The Tokyo-based company said the new transaxle weighs 136.4 pounds (62 kg), 22 per cent lighter than the previous model, and helps achieve notable improvements in acceleration and fuel economy.

The new transmission also is 3 inches (8 cm) shorter in height and 0.5 inches (1.3 cm) shorter in length, allowing greater design freedom for the vehicle's front-end and contributing to a smaller engine compartment, the company said.

It is built with a superflat torque converter that is 15 per cent shorter in length than the previous model and can deliver a sharper response for improved acceleration, the company said.

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Poaching

Orphan chimps' terrible ordeal

NAIROBI, (Reuters): Grumps and Boo Boo, wearing nappies at odds with their seemingly old, wise faces, have become minor celebrities in Karen, a fashionable suburb of Nairobi.

But the orphaned baby chimpanzees made headlines the hard way. And their ordeal strikes a raw nerve among wildlife lovers frustrated by the failure of efforts to halt a thriving, illegal trade in endangered and exotic animals.

"The wildlife trade is still big business. It's an awful trade," says Stephen Meacher, chairman of the Kenyan Society for the Protection and Care of Animals (KSPCA).

It was the KSPCA which rescued Grumps and Boo Boo after complaints from a passenger when they flew into Nairobi airport shortly before Christmas.

The woman, says Meacher, was "absolutely horrified" at seeing three terrified infant chimps rindling around a baggage conveyor belt in cramped, wicker-and-hessian fruit baskets.

Ranging in age from an estimated one-and-a-half to four months and each weighing only a few pounds, they suffered from severe dehydration, diarrhoea and acute distress, according to former chimp owners Linda and Mike Garner with whom the orphans were placed.

The smallest also had pneumonia and died 10 days later.

The chimps were confiscated while apparently en route to Cairo from Zaire where, wildlife experts believe, entire families are sometimes wiped out by poachers while protecting their young, often preferred by smugglers because they are easier to transport and train than adults.

One captured youngster, according to research we've heard of, represents seven or eight dead adults' noted Meacher.

Chimps, found only in Africa, are sought after abroad as pets, for the entertainment industry and for AIDS and other medical research. They can fetch up to \$25,000.

Jane Goodall, a British scientist famous for more than 30 years of work with the primate, notably in Tanzania, charged last November that the illegal trade in chimps was flourishing in Asia, Europe and the United States.

In addition to over-hunting, the spread of human settlements has also taken its toll on chimp populations.

"They are already gone from some of the African countries where they used to roam in plenty. In all other places they are declining very fast," Goodall warned.

The US-based International Primate Protection League (IPPL) estimates there are around 100,000 wild chimpanzees left in Africa.

Wildlife experts point to legislative, administrative and other shortcomings hindering the battle against the wildlife trade.

Trade in wild chimpanzees is banned by the 1973 Convention on International Trade in Endangered Species (Cites).

But the IPPL says there are several ways it can be flouted, including falsifying documentation. Animals can be improperly certified captive-bred, shipped as "personal effects" or even under diplomatic cover.

A 24-year-old Egyptian was fined 1,200 shillings (\$55) under Kenya's standard animal cruelty act for transporting Grumps, Boo Boo and their now dead companion in a manner likely to cause unnecessary suffering.

"We'd hoped to throw the book at him," said Meacher. But because the chimp is not indigenous to Kenya it is not covered by the country's wildlife act which provides for stiffer penalties.

"Basic notions such as drawing a bud-

Dutch scientist's novel idea to get rid of chemical waste

UTRECHT, Netherlands, (Reuters): A Dutch geochemist has proposed a novel idea to get rid of chemical waste and at the same time help save his country from one of its constant nightmares—the threat of inundation from the sea.

His scheme, which has drawn wide media attention and the interest of government officials, would raise the Netherlands' low-lying coastal areas by pouring sulphuric acid chemical wastes into the limestone sub-surface.

Professor Olaf Schuiling of Utrecht University said his idea came to him in a flash when he woke up early one morning.

It is based on a simple principle: Sulphuric acid mixed with limestone forms gypsum, which was twice the volume of the original limestone.

"When I first thought this up, I said to myself that I had better not talk about it, because people would think I was crazy. But when I playfully discussed it with some colleagues, they took me more seriously than I expected," he said in an interview.

Utrecht University has applied for a patent on his idea.

Delft's soil mechanics research institute has given it support in feasibility studies and the Transport and Water Ministry, responsible for the country's dykes and coastal protection, is looking into the scheme.

"We must still try to figure out whether it is fantastic in the good sense or a fantasy," explained the ministry's water works director Jan Hoogland.

So far, Schuiling has done thermodynamic calculations of the reaction

under all proposed conditions and made a miniature model to show that the soil expands and rises as he predicts.

The idea of raising limestone-based land surface using sulphuric acid might also be applicable in the Indian Ocean's Maldives Island, facing flooding because of global warming which threatens to raise sea levels by melting polar ice caps.

Schuiling believes it could be useful in propping up the Japanese island of Okino-Torishima. The Japanese have been trying to save the sinking island to preserve their claims to fishing rights in the area.

He has proposed the eastern part of Ameland, a sinking island off the north-west coast of the Netherlands, as a test site.

His idea is to bore holes about 500

metres (yards) into the ground — less than the depth of most oil wells — and pour in a million tonnes of sulphuric waste acid produced by paint and galvanising industries.

"My calculations are that it would be possible to raise an area 10 kms (six miles) long by 100 metres (yards) wide by a metre (yard) if the waste was poured in over the period of a year," Schuiling said.

The bores would be so far down that there would be no risk of contamination to ground water or top soil, according to Schuiling.

"At the depth of 500 metres, we are far away from shallow sweet water aquifers and there are impermeable clay layers above. In addition, the metals in the acid would be immobilised in the limestone and would not

escape upward," he said.

Schuiling's idea could also be applied off shore to raise sea beds and divert water currents away from coastal areas — something which he said is virtually impossible to do with present engineering techniques.

Much of the Netherlands lies below sea level and is protected by dykes. Geological changes and rising sea levels from global warming are expected to force the government to spend tens of millions of dollars each year in the coming decades to reinforce its coast with fresh sand.

But Schuiling's daring alternative has so far raised more questions than answers and some officials believe it would be more expensive than simply replenishing coastal sand.

One likely problem could be cracks

created in the formation of the gypsum. Schuiling believes the cracking would occur too far underground to cause any harm near the surface, but he admits a pilot project is needed to test his theory.

Another difficulty is figuring out how the sulphuric acid would be absorbed as the porous limestone turned into less permeable gypsum.

Schuiling believes the cracks would partially counter-act the decreasing permeability of the forming gypsum and help spread the acid.

Still another issue is whether it is worth going to these lengths to get rid of sulphuric acid waste.

Environmentalists point out that new cleaner industrial procedures, particularly in the paint industry, are reducing the amount of sulphuric acid.

New sex bombs from Dallas

J.R. runs into wife trouble

BLONDE, feisty Kimberly Foster is the new girl on Dallas' plush Southfork block.

Kimberly who plays April Stevens' sister chuckled as she told me: "I'm on for power, control and money. And I don't have any scruples how I get them."

"Michelle pretty well stays in the sack a lot. She has beds in various places."

"But, although she is devious and uses men a lot, she is also very playful. But I must admit that Michelle is a girl of many colours ... and all of them are black."

Ex-international model Kimberly says that Michelle, who is April's younger sister, was always overboarded when she was growing up. That is why they are rivals on the Dallas scene. Michelle makes her intentions clear when she arrives and tells April: "My mom said you were doing so well here that I thought I'd check out the action."

The action starts when Michelle, without so much as a "bye your leave," moves all her clothes into April's place. But they soon find a new home, with J.R.'s arch-rival Cliff Barnes.

Kimberly told me, as we ate a pasta lunch in a Hollywood Italian restaurant: "Michelle moves in with Cliff because she is working her way up. He is her first victim. She begins him with the line, 'If we get together we'll be stronger.'"

"Because you're always having trouble from J.R. and Bobby Ewing, and I'm always having to play second fiddle to April. We're just as good as they are. But we have to make it on our own."

But Michelle is soon on the move... She has a torrid but stormy affair with a businessman called James Beaumont, who is working with the Ewings.

Kimberly went on, her elfin face sparkling with mischief: "James is played by Sasha Mitchell. I do a bubble bath scene

with Sasha. Then, according to the script, we have a falling out. "But we get back together in an elevator."

"The only trouble was that Larry Hagman, who plays J.R., decided to have a little fun. Unfortunately for me, Larry was directing the episode that had the elevator love scene in it. The make-up people spray you with a fine mixture of glycerine and water."

"This makes it look as though you are glowing, a little sweaty and very sexy. But Larry got hold of this bottle, pointed it at me and squirted, squirted, squirted it until I nearly drowned. He did the same to Sasha."

"In the end, we didn't look at all as though we had just had wonderful time. We looked more like a couple of pigs that were sweating because they had just run the marathon."

But when Larry and Kimberly are J.R. and Michelle, there are no laughs but plenty of tantrums. Kimberly explained: "J.R. and I start off as business associates. He pays me to do underwear things for him. To put it bluntly, I spy for J.R."

"But then I turn the tables on him. Michelle is a very strong girl and stands up for herself. In fact, I even out-think him. So J.R. gets really upset with me. Right now in the show, we're not getting along at all. It all goes to show that Michelle is an utter survivor."

Kimberly found that her background of growing up on a farm in a hick town helped her to understand the Ewing clan. She explained: "I come from Booneville, Arkansas, which has a population of about 3,500."

"There is one stop light, one gas station and a small post office. It's very teeny. Mind, I'm the local heroine there now. But, like all small towns, everyone there is involved in everyone else's business."

"It's just like Peyton Place ...

and exactly the same as the Ewing household. So I'm used to all that sort of thing and it makes it easy to get into the swing of the script."

Back home as a child, Kimberly hauled hay during the summer and bottle-fed calves before and after school. She told me: "That sort of raising helps me to keep my feet on the ground now that I'm doing all this stuff in Hollywood. I'm pretty practical person."

But Kimberly would be the first to admit that she isn't a sunny-natured, little 'ole farm girl all the time, either. She said: "I think there is a little bit of me in Michelle. Although I don't know anybody who could be entirely as bad as she is!"

"She is a very driven person and so am I. We know what we want and we go for it. But I'm not as devious in the way I got about things as Michelle is."

Although Kimberly finds it fun to play the scheming and lustful Michelle, she is anxious to make her character more human. Kimberly told me, as she sprinkled some eye-watering pepper on a plate of pasta: "I spoke to the show's producers about keeping Michelle interesting, by showing that she could be vulnerable."

"So you will soon see another side to her. She gets hurt over a love affair and becomes quite human. That's when the sisters April and Michelle get back together to support each other."

"They know that, in the end, family blood is thicker than anything. Later, April also goes through a down-time, and Michelle helps her through it. So, even though the sisters are normally so cut-throat towards one another, they still care about each other."

Kimberly has always looked like the girl who has it all. A beautiful model-turned-actress who has hit the big time. But she never forgets that appearances can be lethally deceptive.

Even when she was a top model, with homes in Paris and Milan, and worked in some of the world's most exotic locations, Kimberly knew the curse of loneliness. She tasted a little of the isolation and despair that can drive a person to take their own life.

And now she intends to help others who are lonely. To give up time between the parties, the premieres and the glittering receptions is to listen to people with problems they feel they can't bear.

There was no trace of the bubbly actress or the mercenary Michelle as Kimberly told me her bitter secret. She said: "There are so many people out there who are lonely and need help. Especially people who live in big cities."

"I know just what it's like to be in that situation. It happened when I went by myself to Paris and Milan. Even when there are a lot of people around, you don't know anybody."

"As a model, I went on assignments where there were photographers, lighting guys and make-up people. I was involved with them from a working point of view. But, really, I was alone."

"And living in a big city can be lonely and depressing, too. I



Cathy Podewell ... J.R.'s new wife

'I get really mad at a lot of things'

want to just talk to these people and help them out. So I am going to classes to study to be a volunteer with an organisation called the Suicide Prevention Centre."

"You have to study how to handle the calls from lonely and despairing people that come in on the switchboard. You can't just hope to save them. For example, you have to understand at what point you get off the phone to them."

"That's when you cut yourself off and say, 'O.K., now you're going to have to do this on your own.' You have to learn all these things."

"So I am going to classes two nights a week. Then I will be able to donate time to the project. You just call them up and say you would like to come in for a six-hour shift. The organisation works round the clock."

"I'm also planning to become involved in a charity that helps abused children. Kids, for example, whose parents have also been caught trafficking drugs in the home. This sort of work is so rewarding."

"When I was an acting student, a group of us sponsored a woman drug addict who was living on the street with her three children. The eldest was only 11. They had no home. They lived out of bags. They just had a change of clothes and that was it."

"We got the lady into an Alcoholics Anonymous programme and put the kids into school. Then we tried to find her a job. I want to feel that I'm able to give something back to life, because I am so blessed."

Among Kimberly's blessings are a new romance, with a non-actor called Kim, and a smart apartment in West Hollywood. Then there is the part in Dallas that, as well as bringing her a hefty bank balance, makes sure her face is recognised in the local supermarkets.

Also, there are the parties and the celebrity events ... Kimberly admitted she was already planning her weekend ... making a bot-dusty run from Los Angeles to Palm Springs in an open car.

Trouble blows up like an oil gusher for evil J.R. in a sizzling new series of Dallas. For wife Cally finds him in an hotel with a beautiful blonde.

Hill-billy Cally, played by stunning 23-year-old Cathy Podewell, hits back in the most painful way she knows how. She lets it be known that she is dallying between the sheets with a suave English art buff.

In her spare time, Cally is allowing the Englishman, played by Michael Wilding Jr., to turn her into an artist and a lady.

And James — Sasha Mitchell — turns out to be none other than J.R.'s secret and long-lost son. Randy James is the fruit of a past affair between J.R. and Van-

essa Beaumont (Gayle Hunnicutt).

So in this new, beefed-up series of the only soap, J.R., played by Larry Hagman, gets blonde trouble in a big way. The scriptwriters are determined to leave no satin sheet unturned.

Meek and mild Cally from the backwoods becomes tougher and tougher as she finds out about her husband's sexy past ... woman by woman. They range from way-back Vanessa to, painfully, Cally's new friend April Stevens.

Another blonde turns out to be worse than a bedroom headache, too, for J.R. After he has asked April's little sister Michelle to spy for him, the Southfork baron suddenly finds he has a hellcat by the tail. She out-wheels and out-deals him, and even moves in with his arch-rival, Cliff Barnes.

There is at least one more infidelity head for the bad boy of the oil fields. And you can bet the new, steely Cally isn't gone to stand for that one cotton-pickin' minute.

Two of the blondes in J.R.'s life told me of the hot new Dallas, that has given them both parts as meaty as a Texas steak. Kimberly Foster and Cathy Podewell issued storm warnings...

Cathy told me: "This time Cally definitely won't be covering in a corner. She will be putting up a fight. And she is not going to stand for any of J.R.'s infidelities."

"You will be seeing a much more sophisticated Cally. It's really fun for me this season because Cally has more of an edge. This means that I've gotten to play a diversity of emotions, including anger. I get really mad at a lot of things, including J.R. I get hurt, too."

"I was tired of playing the part like, 'Oh, shucks, J.R., I love you. I'll just do anything for you.'"

I wanted some juice for the part, some meat, something dramatic to happen. And they really wrote well for me this season."

Meanwhile, back at the Southfork ranch, Cally is still eubucking at having trapped J.R. into a wedding with all the trimmings by pretending she was pregnant. Cathy told me: "J.R. liked me for that ... it's the sort of move he appreciates. But it took him a very long time to warm up to the idea of a new wife."

"He told me I had a lot of fire in me. And, when we went on honeymoon to Europe and was propositioned by an old flame, Vanessa, he turned her down because he said he loved me. That is a real change for J.R."

"Vanessa is in a little bit of the new season because of her son James. When he comes to Southfork, you find out that James is actually Vanessa and J.R.'s son."

"Cally came back from honeymoon happy."

Yuppie meets hippie

Italian students' crusade reborn

ROME, (AP): In the halls of Italian universities once trod by Copernicus, Dante and Galileo, a new creature is on the loose: The yuppie. It's the symbol used by demonstrators who have launched Italy's biggest student protests in a decade.

The protests were sparked in December by a bill allowing businesses a greater role in higher education. But they have grown to challenge the structure of one of the world's most chaotic and overcrowded university systems.

"The main issue is to give anyone who really wants to study the right to do so," said Alessandro, a 25-year-old physics student who like several others only gave his first name.

"In human conditions," interjected Valeria, 20, sitting next to him in a University of Rome hallway plastered with "occupied" signs.

Since early December, students have occupied departments at more than one-third of the 57 government-run universities, forcing cancellation of classes.

They have succeeded in focusing attention on a university system that once shaped Western culture but today is a nightmare of overcrowding and woeful facilities.

The movement has also managed to revive student political activism, which influenced Italian culture in the 1960s and 1970s but died out with the onslaught of 1980s "yuppieism" (yuppie-ism).

"This is really a battle that students are waging," said Fabio, 26, a short-haired physics student dressed in a neat black sweater and slacks.

"Maybe it's time students appropriated what belongs to them."

Italy has one of the oldest university traditions in the world, with the first one founded in the 9th century in Salerno. But with the post-war economic boom, thousands of extra students arrived, a new horizon opened for a previously poor people.

The crowding was exacerbated when the government, bowing to student protests in 1968, threw open the low-cost universities to anyone with a high-school diploma. The number of students exploded from about 250,000 in 1960 to nearly 1.4 million today — without much increase in facilities.

"There is a gigantism that doesn't allow the university to function well," said Dr. Giorgio Tesse, rector of the 180,000-student University of Rome, considered the biggest in Europe.

"The number 180,000 is more suited to an Armada than a university."

Some students commonly get up at dawn to try to get a seat for lectures at the University of Rome.

But they are a minority. Most don't even bother to show up for classes, instead picking up a reading list and returning for end-of-course oral exams, the only time they are generally graded.

If they fail, they can retake the exams again every six months — for years, if necessary.

In addition to the crowding, students must cope with restricted library hours, strikes by examiners and limited access to the few laboratories.

Two-thirds drop out before getting a diploma.

"There have been a whole series of tensions," said Paolo Mariani, 25, a history student with curly hair held back by a headband.

"Finally we got a long-promised reform (bill), and the students read it... and it was a great disappointment."

The reform was the "Roberti Law," named for Universities Minister Antonio Roberti. The proposed bill would give more autonomy to universities in the highly centralized system.



Kimberly Foster ... about to explode

Never too young to learn about money

NEW YORK, (UPI): After sex, money is the issue parents have the most difficulty discussing with children, and the reason might be that they just don't know where to start or what to say.

Laura Magaziner, vice-president of Bernard R. Wolfe & Associates Inc., a financial services firm based in Rockville, Md., says parents rarely discuss the matter and suddenly find out about their children's inability to handle money when teenagers leave home for college.

"I was the treasurer of a fairly large college organization, and many students had no idea about how much money they had. Half of their cheques would bounce," Magaziner said.

"Basic notions such as drawing a bud-

get, balancing a chequebook or making some simple financial planning are totally foreign to many students because this is not taught at school," she said.

How early can children start learning about money?

"As early as 8," Magaziner said. "By that time, they know how to add and subtract, they can run errands, go to the store. Money becomes part of their world."

Magaziner, who received an MBA from George Washington University, donates several hours a week teaching a financial planning course at several elementary schools in Montgomery county Maryland.

She has designed a five-hour

programme and a 20-question test to familiarise students with basic financial issues, from social security deductions to bonds and compounded interest. She hopes that financial planning programmes will become part of the curriculum in schools.

For many children the phrase "money does not grow on trees" remains the standard introduction to the world of finance, summarising parents' frustration in the face of spending that always seems to exceed income.

The Pinellas County, Fla., elementary school system is trying to set the financial record straight for a lot of youngsters.

Last fall the school inaugurated a \$1 million Enterprise Village, where busi-

ness is strictly kid stuff. Fifth-grade children run 15 businesses, including a local newspaper, a home shopping network and a McDonald's restaurant. They earn real money too, up to \$16.50 a day for managers.

The village, set up with \$50,000 worth of donations from 18 companies, operates like a real business community, where children are confronted with the same headaches as their parents: managing inventory, balancing accounts, weighing tax considerations or deciding to discount items for slow-selling lines.

"The students get an opportunity to understand about the free enterprise system and get a feel for what it is like in the working world," says Keith Gall, Enter-

prise Village manager.

"They have a better understanding of what their parents go through, why they come home tired, how they keep up with the pressure of paying bills and real economics."

The idea originated 10 years ago in Kansas City, Missouri, where a non-profit organisation, the Learning Exchange, created Exchange City, a mini-business town first sponsored by Hallmark Cards Inc.

Fifth- and sixth-grade children operate 13 businesses at Exchange City, which issues its own cheque books and runs a radio station and a newspaper.

"Children have to apply for jobs at Exchange City, just like in the real world."

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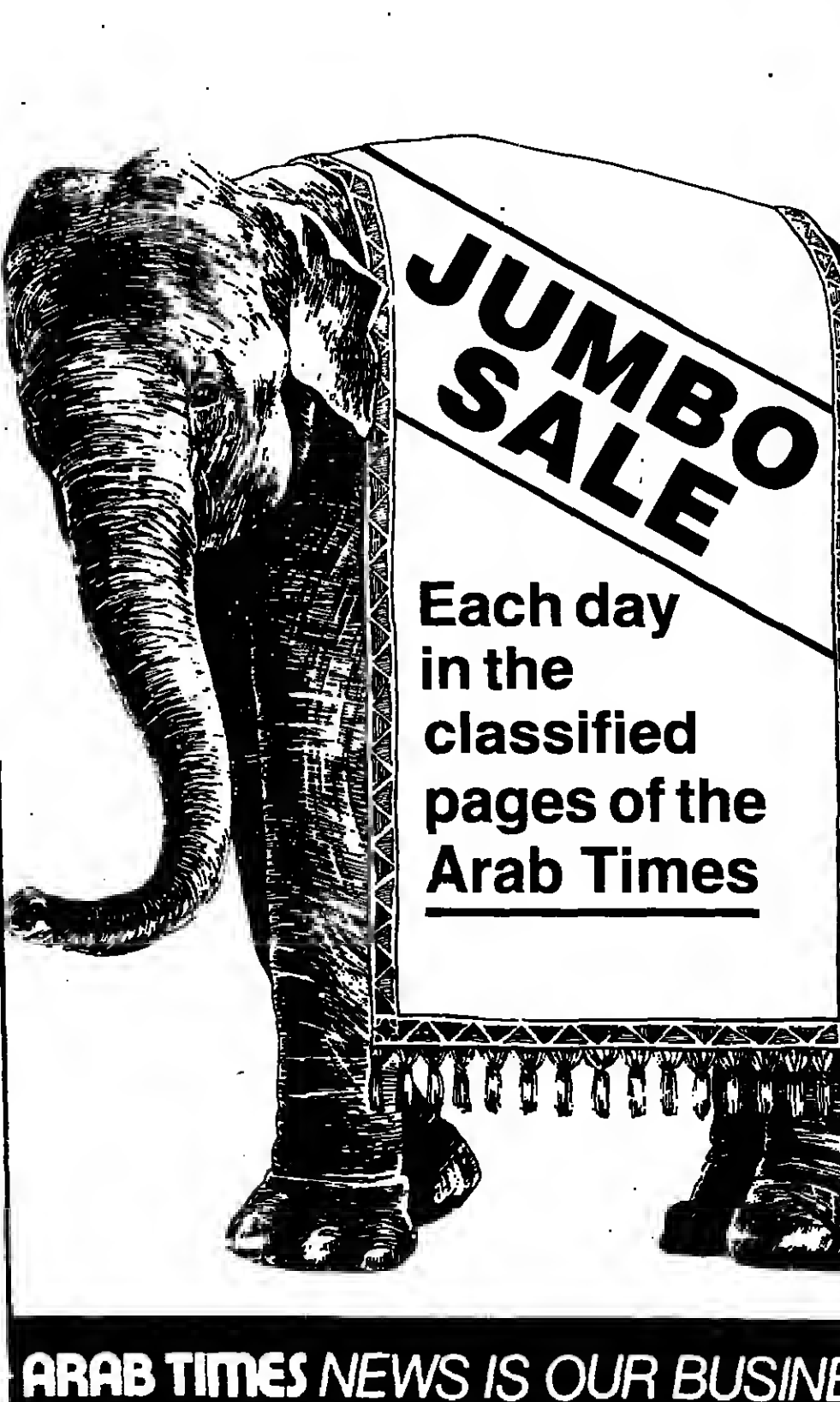
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D'Souza shatters Indian hopes of victory

Pakistan Veterans lift Bhutto Cup

IN an exciting finish, Pakistan Veterans emerged victorious by 12 runs against Indian Veterans in a Bhutto Cup match at the KCL ground earlier this week.

The match was witnessed by a record crowd besides ambassadors of India, Pakistan and Sri Lanka and was organized by KCL to pay tribute to late Zulfikar Ali Bhutto, the former Prime Minister of Pakistan.

Indian skipper Ganju won the toss and invited Pakistan to bat first. A solid partnership of 43 between Yahya and Asif Ali provided a foundation to Pakistan in totally unfavourable conditions for batting as it was quite windy and cloudy. The Pakistani openers did not have any difficulty in facing the Indian attack and played freely all over the ground.

Sethi gave India the first breakthrough when he uprooted the stumps of Asif Ali for 28. Javed Chowdhry joined Yahya, and started playing some delightful strokes, penetrating the superb Indian fielding. When Pakistan's score reached 76 Yahya departed after being bowled by Sethi for his individual contribution of 27. Javed followed him soon for 24, giving a simple catch to wicket keeper off Gupta.

From the other end Kullar



Ashraf Khan (right) receives the winner's trophy

claimed the wicket of Ahmed Kalam, and the situation started looking gloomy for Pakistan as they collapsed from 92 to 2 to 94 for 4. Ahmed Hussain, who had come in at the fall of Yahya, kept his cool and with Nisar, they took the total 133 before Nisar was run out, as he went for a suicidal run. This proved to be a turning point.

Pakistan, who were heading for a massive score after the solid beginning, started losing wickets in quick succession, and tumbled from 133 to 4 to 161 for 9. Except for Ahmed Hussain, who scored 42, the rest of middle and lower-order batsmen threw their wickets away.

The run rate, which had been over 5.5 run per over, throughout the innings, also fell and Pakistan looked in all sorts of trouble. The 10th wicket partnership between Naseem Farooqi (19) and Haji Sarfraz (11) yielded 30 runs but at a slower run-rate. At the end of the allotted 40 overs, Pakistan managed to score 192 for 9.

For India, Kullar and Sethi claimed the bowling honours by taking 3 for 39 off 8 overs and 2 for 28 off 8 overs respectively.

India, commenced their innings in much improved weather, as the sun had come out and wind was not blowing as much as it did in the morning, to help the bowlers. Ravi and Arun

had taken the score to 26 without much difficulty, before Ahmed Hussain took a superb catch off his own bowling to get rid off Ravi for 16. At 40 Arun departed, caught by Asif Ali off Ahmed Kalam, followed by Rajpal again caught and bowled by Ahmed Hussain for 9. At this stage the match appeared to be in total control of Pakistan.

Ganju who had just joined Sethi, survived a confident lbw appeal. Both Indian batsmen staged a remarkable comeback with their cautious batting and at times they were aggressive on loose balls. By lunch, the game had totally gone into Indian control as both the batsmen successfully took the score to 107 for 3. After lunch-break, Sethi, who was playing with strained muscle, got run out and at this point Pakistan captain Ashraf Khan applied the pressure on Indian batsmen by bringing his spinners Ahmed Kalam and Nawazish, who maintained superb time and length.

Their bowling caused a major collapse in Indian batting lineup, as they lost 4 quick wickets for few runs. Sood, joined skipper Ganju, caught by Asif Ali for a well-scored 40. Sood, kept on playing aggressively, first with Arora and then with Kullar. The game, again started tilting

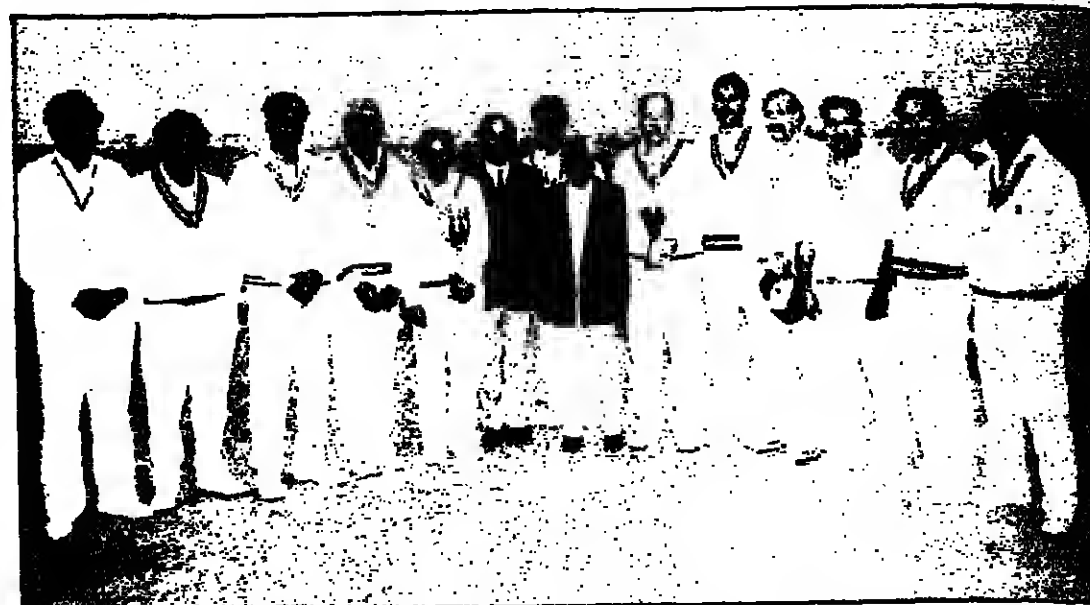
towards India, but Pakistan skipper Ashraf Khan had some other ideas in mind. When India were only 16 runs away from victory with 3 wickets in hand he made an intelligent move to bring on D'Souza, who in his 2-over spell totally shattered the Indian hopes of victory by taking 3 wickets.

It was a sweet revenge that Pakistan took as they had lost the Nehru Cup by a narrow margin in last November.

A huge crowd, consist of Indians and Pakistanis witnessed the thriller. It was the largest crowd ever seen at the KCL ground. The jubilant Pakistani crowd had lifted their captain Ashraf Khan and the team members.

Sri Lankan Ambassador Latif Sherifdeen presented the winning trophy to Ashraf Khan, Pakistan captain and medals to the members of both the teams. Pakistani Ambassador Zahid Saeed also personally gave a trophy to Ashraf Khan, in recognition of his role to promote cricket in Kuwait. Indian ambassador Budhiraja also congratulated the winning team.

In the end, Sajid Rizvi, president KCL, thanked the ambassador, the teams and the spectators for their full co-operation.



The victorious Pakistan Veterans team with Pakistani and Sri Lankan ambassadors.



The Pakistani ambassador (left) presents a special trophy to Ashraf Khan

Nasa and Navelim outplay opponents

NASA and Navelim Youth Centre entered the semifinals of the seventh annual Youth Recreation Centre football tournament by overcoming Goa Cultural Association and U.G. Strikers respectively earlier this week.

It was a cool Friday morning with no sunshine to warm the bones but instead dampness from the showers of the night before when Nasa, a newly formed team comprising mainly of youngsters, began the day's proceedings in a cool calculated manner.

Nasa dominated the game with Jazur and Kenneth playing one and a two-two football that kept the GCA defence heavy footed.

A through pass from Felix was well received by Kenneth, who caught experienced goalkeeper Albert off position and scored a goal. Nasa consolidated their position with a glorious run from Vijay, who beat two defenders on the right flank and passed the ball to Jazur who made no mistake in beating the goalkeeper.

"The second half began with GCA looking a transformed side with the forwards harassing the Nasa defence. The Nasa forwards had to fall back in support of their defence and the team indulged in random clearance rather than the synchronised moves of the first half. A goal for GCA was inevitable and it came off the boots of Ignatius. This induced the GCA to go all out for the equalizer, but they were thwarted for a while as all their moves were being watched by the Nasa men who were patrolling their own half. In the dying minutes GCA scored off a header from Marciano to level the score. The extra time produced no score and in the tie-breaker, Nasa, reign supreme with a score of 3-2.

The second quarterfinal was between U.G. Strikers and Navelim Youth Centre, again a new team formed this season having in their colours more than half a dozen players from U.G. Strikers.

Navelim began the game by pressuring their opponents but it was Strikers who had the first say through a goal from Varghese of a free kick, which deflected off the defensive wall to leave Navelim helpless in the goal.

Navelim equalised through a power-packed left footer from Joaquim which beat Victor. Another shot from Joaquim was blocked by Victor, only to find it rebound back to him to tap home. Xavier equalised for Strikers with a dream goal from 35 metres. The ball floated over the outstretched hands of Navelim. Joe was guilty of not sealing victory for Navelim when he missed more than his share of chances, though credit has to be given to Abdul Rehman who stood firm in the face of Navelim attacks but he too could do nothing when the winning goal was scored by Joaquim to complete his hat-trick off a corner kick.

Friday's fixtures: Ground 'B' 7.00 am Goa Maroons vs Expatriates Club; 8.30 am Salotte Utd vs New Goa.

Lanka Colts score easy victory

LANKA Colts (Trico) comfortably defeated Lanka Lions in a Bhutto Memorial Trophy semifinal cricket match at the EPI grounds on Friday. They will now meet Evergreen in the finals of this tournament, which is sponsored by the PPP Kuwait and organized under the auspices of the GCL.

Put into bat, the Lions were soon in trouble, losing Namal to the second ball of the match for a duck, to a beautiful in-swinging from Nalaka. With Solomons uprooting Ray's middle stump in the next over, Rami being needlessly run-out for 14 and skipper Peru caught at short extra cover for a duck, it was left to Meraj and Donald to see the Lions to a somewhat respectable score of 160 for 9 in 30 overs.

Meraj with an enterprising knock of 43 runs and Donald with an equally good knock of 50 saved Lions blushes.



Nalaka: 88 not out

Solomons with 2 for 21, Ramzan with 2 for 20, Oliver with 2 for 42 and Nalaka with one wicket for 29 shared with wickets for the Colts.

Chasing a target of just over 5 runs per over, the Colts were given a solid start to their innings by openers Nalaka and Ramzan who launched into the

Lion's attack from the onset to keep well ahead of the required run rate.

With Ramzan out for an elegant 34, it was left to Chris with a sedate 32 n.o., to give the required impetus for Nalaka to blast his way through to a swash-buckling 88 before being bowled by Dhammika with victory just a few runs away.

Senaka with 5 n.o., remained with Chris to see the Colts comfortably home with 8 wickets and more than 2 overs to spare when the Lions conceded victory with a wide bowled by Donald.

● Lanka Colts played another match in the afternoon. A superb batting display by Senaka Perera, a worthy all round performance from Ramzan Sarifudeen plus a hostile spell of left arm medium pace bowling by Lal Premasiri enabled Lanka Colts (Trico) to beat Social CC by 6 wickets in a Burud Trophy

'A' Division League game at the EPI cricket grounds.

Social, on batting first, were dismissed for 118 off 29 overs, despite a healthy start from openers Prashant and Shantha who scored 29 and 22 runs respectively. Causing the damage were the medium pace and spin combination of Lal and Ramzan who both bowled an intelligent line and length to claim 4 wickets each at the cost of 16 and 21 runs respectively.

Chasing a modest target of 39 runs per over, the Colts were boosted by a valuable and exciting knock of 43 n.o., from Senaka Perera together with a fluent 30 from the 'burly' Ramzan. Chris with 18 n.o., brought about the Colts victory with a sizzling square drive for 4 off Annu.

Robin with 2 wickets, Sheikh Ayub and Chris Michaels with a wicket each were the successful bowlers for Social CC.

Entries open for Jinnah tourney

THE Jinnah Hockey Tournament will be held at the Ahmadi hockey grounds from February 25. All teams affiliated to the Unity Cricket and Hockey Association have been invited to take part in this event.

The last date for entries is February 16. The organisers have asked for the clubs to submit list of players nominated to play on their A and B teams.

Entries and amendments to these lists will not be accepted after the closing dates.

Earlier this week, all the games to be held at the Ahmadi hockey grounds were postponed due to rain as the grounds were full of water, which could not be drained.

This Friday Cosmos meet Hilal in a Hilal Cup match at 2.00 pm while Unity takes on Flying Arrows. Both matches are semifinals.

Unity overwhelm Evershine

THREE matches were played on Friday in the "Al Mulla Mitsubishi" League at Ahmadi. In the morning, Unity overcame the stiff challenge set by Evershine and won easily by 6 wickets. At the Oval, Kokao scored an emphatic victory over Morning Star, winning the game by 9 wickets and in the afternoon four players of Al Mulla turned up to play their match against YMCA, thereby giving a walkover to the latter.

Evershine, batting first, scored at the rate of 6 per over. A patient knock of 64 n.o. (3 fours) by skipper Razzak along with useful contributions from Zulqarnain (29) and Sohail (19) put them in a commanding position with Evershine eventually making 142 for 6 in 23 overs.

For Unity, wickets were shared by Chris (2) Sarfraz (2) and Irfan (1).

Merwyn, promoted to open with Abuzar, saw the latter dismissed for 3 before Unity could reach double figures. Bitu along

with Merwyn provided Evershine with the answer and maintained the asking rate of 6 per over. Merwyn, in a aggressive mood, blasted 2 effortless sixes and 4 boundaries to register a quick 39 before substitute Akram took a well judged catch off Shehzad, making Unity 78 for 2 in 13 overs.

Babar greeted Dawood's first delivery with a straight six and looked to be heading for a big score when change bowler Zulqarnain penetrated his defence for 15. Bitu, growing in confidence, played with tremendous responsibility making 54 elegant runs with 7 hits to the fence. Sarfraz 13 n.o. with Manzoor Hussain 15 n.o. (1 timely six) took Unity past Evershine making 143 for 4 in the process.

At the Oval, Morning Star, batting first, were bundled out for a poor 129. Kokao in reply were given a rousing start by Majid and Iqbal Bondre putting on an opening partnership of 126. Both openers were com-

pletely at ease against the M. Star attack. The only success came when Majid was caught off Yousuf for 45. Thereafter, Iqbal tore the howling to shreds remaining unbeaten on a strokeful 69 and giving Kokao an impressive victory.

Standing				
Group A	P	W	L	TB
Kifco	3	3	-	2
Starlite	3	2	1	2
Union	4	2	2	-
Kokao	3	1	2	-
M. Star	3	3	-	-

Kifco and Starlite have qualified for semi finals				
Group B	P	W	L	TB
Unity	3	3	-	2
Evershine	3	2	1	2
Falcon	4	2	2	-
Al Mulla	3	3	-	1
YMCA	3	3	-	-

Unity qualified for semi final 4 points were awarded.				
Group B	P	W	L	TB
Unity	5	5	1	-
Starlite	5	4	1	-
Falcon	6	3	3	-
Union	6	1	5	-
M. Star	5	5	-	-

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Seve to make golf film in Dubai

DUBAI, Severiano Ballesteros, who will reach another milestone if he wins the £250,000 Emirates Airline Desert Classic later this month, has guaranteed that there will be at least one permanent reminder of his first visit to the Gulf.

Ballesteros, ever eager to improve his brilliant tournament record, will be chasing the 60th victory of his 15-year professional career when he tees off at Dubai's Emirates Golf Club on February 22.

In addition, in the week before the tournament, the Spanish superstar will make a unique 90-minute instructional video which will reveal some of the secrets of the world's most talented golfer. Based on his internationally successful book "Nature Golf", it will concentrate on the "short game" — chipping and putting — and is certain to be in demand from golf enthusiasts around the world for years to come.

Ballesteros, who has many business interests connected with golf, will be accompanied by his own film crew when he flies to Dubai with Emirates, the international airline of the UAE which is sponsoring the Desert Classic in its second year.

Seve, who says he is looking forward to "an exotic experience" when he plays at golf's only tournament venue in the Middle East, could have chosen almost any one of the game's more established courses to make the film.

"By picking the Emirates Golf Club he has paid a great tribute to everyone involved in the construction and upkeep of the course," said Terry Duffy, operations director for Karl Litten Overseas, organisers of the Emirates Airline Desert Classic.

"His manager visited Dubai last weekend and was very impressed with what he saw. The course is in magnificent condition, especially when you consider that it was opened less than two years ago."

After confirming his place in the Desert Classic last week, Ballesteros was immediately installed as the favourite to capture the \$41,660 winner's cheque.

He will, however, face fierce competition. A top quality field still to be finalised — will include other leading players from Britain, Australia, the USA, Spain, Sweden, Canada, France, New Zealand, Italy, Denmark, West Germany, Argentina and Holland.



Seve Ballesteros

Imran slams unbeaten 82

Australia restrict Pakistan



Imran: saves his team

SYDNEY, Feb 6, (Reuters): The rain that washed out the first two days of the third and final Test between Australia and Pakistan again disrupted play today, allowing only 89 runs to be scored.

The start of the fourth day's play was delayed by just over two hours. Pakistan started at 110 for five and were dismissed for 199 in their first innings, saved only by a fighting 82 not out by captain Imran Khan.

The rain again stopped play without a ball being bowled in the Australian first innings, 75 minutes before the scheduled close.

Australian cricket board officials had hoped to increase the chances of a result by extending the match to Thursday after rain associated with cyclone Nancy blanketed the ground over the weekend.

Australia now seems set to win the series 1-0 after its 92-run victory in the first Melbourne Test. Imran and Wasim Akram, who together saved Pakistan from defeat in the second Test

with a magnificent 191-run partnership, scored slowly on the greenish pitch until Imran hit successive boundaries off Merv Hughes in the seventh over.

Akram was out in the following over for 10, caught at first slip by Mark Taylor off Terry Alderman.

The touring side lost its seventh wicket when Dean Jones took a sensational catch to dismiss Salim Yousuf for six. Jones flung himself to his right at point to take the catch in mid-air off the bowling of Rackemann.

Alderman clean bowled Tauseef for a duck to have Pakistan 160 for eight.

Hughes was involved in an altercation with Waqar Younis after the big Victorian collided with Waqar as the tallender set off for a run. Words were exchanged before Imran and Australian captain Allan Border intervened. Hughes finally claimed Waqar's wicket for 16 and Alderman mopped up the innings, taking his haul to five wickets, bowling Nadeem for a duck.

Alderman finished with five for 65 from 33.5 overs. He was backed up by fellow pacemen Hughes, (three for 70) and Rackemann (two for 33).

Scoreboard

PAKISTAN first innings	
Aamer Malik c Healy b Alderman	0
Rameez Raja c and b Hughes	0
Shoaib Mohammad lbw b Alderman	9
Javed Miandad c Jones b Hughes	49
Ejaz Ahmed c M Taylor b Rackemann	6
Imran Khan not out	82
Wasim Akram c M Taylor b Alderman	10
Salim Yousuf c Jones b Rackemann	6
Tauseef Ahmed b Alderman	0
Waqar Younis c Veletta b Hughes	16
Nadeem Ghauri b Alderman	0
Extras (b-1 lb-7 nb-4)	12
Total	199
Fall of wickets 1-22 153-20 4-51 5-106 6-128 7-154 8-160 9-191	
Bowling: Alderman 33.5-10-65-5 (1nb), Hughes 31-16-70-3 (2nb), Rackemann 22-8-33-2 (1nb), P Taylor 8-1-23-0	



Arthurton hit 86 off 71 balls

England-Leewards match ends in draw

BASSETTERE, St Kitts, Feb 6, (Reuters): A whirlwind, unbroken stand of 93 in 15 overs by Leeward Islands sixth wicket pair Livingstone Harris and Ralston Otto checked England's victory push in their opening cricket tour match yesterday.

The game ended in a draw on the fourth and final day with the Leewards, the Red Stripe Cup champions, on 301 for five in pursuit of a victory target of 402.

England looked as if they might pull off a win when they needed to take four wickets with 29 overs remaining, but Harris hit an unbeaten 54 and Otto struck 51 not out to put paid to their hopes. Both captains agreed to call a halt with 12 of the mandatory overs left.

Although the Leewards batted for only 54 overs, England captain Graham Gooch kept up attacking fields for the entire innings, using six slips and a silly point for Gladstone Small and fellow pace bowler Philip DeFreitas after the fall of the fifth wicket.

England batted on for almost the entire morning session, extending their overnight 112 for four to 213 for six before Gooch's apparently cautious declaration which left the Leewards to score 402 in a minimum of 64 overs.

Gooch's decision to set a daunting task was no doubt partly a result of his fear of another rapid innings from Test batsman Richie Richardson, who hammered 83 in 87 balls in the first innings.

However, this did not materialise, the Leewards' captain making only five before edging an attempted back-foot drive off pacesman Devon Malcolm to wicketkeeper Jack Russell.

It was the Leewards' other test batsman, Keith Arthurton, who did the damage by launching a ferocious attack in which he was particularly severe on left-arm spinner Keith Medleycott.

Arthurton lashed 86 from 71 deliveries, hitting Medleycott for seven sixes before being eventually bowled by the Surrey spinner when he came down the wicket and was beaten in the flight.

Medleycott earlier removed opener Ricky Bassus for 57, but his two wickets cost 99 in 17 overs.

Reasons

■ Captain Richie Richardson has given his reasons for recalling England batsman Nasser Hussain after he was given out in an umpiring controversy.

Hussain, who was reprimanded by the England management for showing dissent when he was adjudged to have been caught off bat and pad at silly point, started to walk but was called back by Richardson.

Richardson explained that the fieldsman, Lenny Lake, had not in fact appealed for the catch. The appeal had come from the rest of the Leeward fielders, who were unable to see that Lake had caught the ball on the half-volley.

Richardson also revealed that Lake, a substitute, was in a state of excitement because he and the other close fielders believed Hussain had been out the previous half to a bat-pad catch by Lake.

Umpire Clancy Mack, however, had been unsighted by the bowler, Noel Guisbard, as he followed through.

Hussain was eventually out lbw to Keith Arthurton, though he clearly thought he had got an edge on to his pad.

Richardson said Hussain would have to learn to take decisions that went against him.

The Antiguan was himself dismissed in controversial circumstances in the Test between West Indies and India in Barbados last year.

Richardson, beaten by a ball from Arshad Ayub which just missed the off stump, was given out bowled although television replays showed that wicketkeeper Kiran More had flicked off the off bail. Richardson made no protest and accepted the umpire's decision.

Fisa resume negotiations over Le Mans

PARIS, Feb 6, (Reuters): The International Motor Sports Federation (Fisa) said yesterday it was resuming negotiations with organisers of the Le Mans 24-hour sports car race, which it earlier excluded from its world championship calendar.

Fisa said in a communique that race organisers had met its conditions for re-opening talks.

The federation had demanded that two chicanes be built to slow speeds on the notorious seven-km mulsanne straight and that the organisers, the Automobile Club de L'Ouest (ACO), publicly apologise for what Fisa termed a campaign of defamation.

Fisa said it would send its security and circuits commission to Le Mans to study ACO's proposals for the construction of the two chicanes.

The statement revived hopes that the race, scheduled for June 16-17, can be held this year. Fisa had first excluded it from the world championship, and then refused to sanction it as an international race when the ACO threatened to stage the race without official approval.

Fisa said it was satisfied after receiving a guarantee from the French Sports Ministry that work on the chicanes would be carried out this year.

Standings

Men's League	
P	W D L GF GA Pts
1	15 13 2 0 69 20 28
2	15 12 1 2 63 27 27
3	15 12 1 2 63 27 27
4	15 10 3 2 64 26 34
5	14 8 5 1 51 33 21
6	15 9 2 4 54 26 20
7	15 8 2 5 46 45 18
8	14 3 1 11 34 40 13
9	14 5 2 7 39 42 12
10	14 5 2 7 39 42 12
11	15 4 4 7 39 51 12
12	14 3 1 11 34 40 13
13	15 3 4 8 38 55 10
14	13 3 2 9 34 50 8
15	13 2 4 9 29 49 8
16	15 2 4 9 31 59 8
17	13 1 3 9 24 53 5
18	14 1 1 12 22 61 3
19	15 1 1 13 25 65 3

Ladies League

P	W D L GF GA Pts
1	15 10 4 1 43 17 24
2	15 10 4 1 42 17 24
3	15 11 3 1 39 15 23
4	15 9 3 3 38 22 21
5	14 9 3 2 35 21 21
6	15 7 5 3 35 25 19
7	15 11 3 1 36 21 23
8	15 6 4 5 31 28 17
9	15 6 4 5 31 28 17
10	13 4 6 5 31 28 14
11	15 5 3 7 28 32 13
12	14 3 6 5 27 29 12
13	15 11 3 1 36 21 23
14	15 2 7 6 25 33 11
15	14 2 7 6 25 33 11
16	15 2 7 6 25 33 11
17	15 2 7 6 25 33 11
18	15 2 7 6 25 33 11
19	15 2 7 6 25 33 11
20	15 2 7 6 25 33 11

Team talks will fail: Seoul

SEOUL, Feb 6, (Reuters): South Korea predicted today that talks with North Korea on sending a joint team to this year's Asian Games in Beijing would fail.

South Korean chief negotiator Chang Chung-Shik told a news conference there was an 80 per cent chance that year-long negotiations between the two Koreas to form their first joint team for an international sports event would come to a halt tomorrow.

"We will try hard to persuade the North to change their attitude. But the prospect for a fruitful meeting is very slim," said Chang, who will lead a five-member team to the sports talks at the border village of Panmunjom tomorrow.

The two Koreas, bitter rivals since the peninsula's division at the end of World War II, last December came close to a full agreement on fielding a single team but mutual distrust blocked further progress.

Zero Down tie for lead again

THE closest competition in all the Mouchel Darts League is still to be found in the Ladies Wednesday League. Seventh placed Equalisers took a well deserved point from top of the table Lady Tossers, who had to win the last leg to salvage a point greatly aided by 2 MM trebles from Jean Hromatka.

Zero Down's Pat D'Mello led her side to an important 3-1 success over Bulls Hitters with a 125 score, to once more tie the lead. Another Barbed Comments victory pushes the Hitters back to 4th, where they are joined by Nibblers, 3 points off the pace, thanks to their win over MEE.

Enders' Mary Slattery had an excellent week moving to the head of the ladies scoring tables with 3 bulls. She also managed to make a 2 dart 91 score finish, to record the highest finish to date, with just 4 games to go. Northern Lights latest recruit Anna Thomsen hit her 2nd and 3rd high scores in only her second appearance as she led her side to 2 points to ease themselves away from the foot of the table. Jackie Moss hit 3 bulls in 3 darts to end a Mickey Mouse leg for the third time as Blackouts won again, and the drawn Avengers, Finlas Floosies fixture produced ladies trophies for Sue Clark and Maggie Harrison. Unlucky player of the day was Audrey Mackenzie, whose 87 finish was bettered in the very next leg by Mary Slattery.

In the Mouchel Wednesday Men's League, Has Beans continued to maintain second place, having seen off highly fancied Mugs Away. Graham Finch did all the hard work for the Mugs, using a 140 and 4 high scores to inflict a first defeat on the Bean's Nobby Burton. His example was not followed, however, as the rest of his team capitulated, and with Burton

recovering to win the last MM leg, the points went to Has Beans.

Soweto Slingers maintained their one point lead, beating bottom club Finlas Flyers, where the action centred round a Welsh feud, eventually won by Flyer's Alun Thomas with a 140 in 3 high scores, against a revitalised John Donovan who had 5 100's and a 120. Bulls Hitters were comfortable winners at Zero-Up and regain 3rd, whilst Chuckers first defeat at Wearrapeel reverses the two sides positions in the table. Brian Mitchellson and Andy Wilson both had 140's and Steve Walters balanced his way to 4 high scores, as the Peepel took both MM legs for victory.

Showers of Tossers had the narrowest of wins against Equalisers in the Salwa needle match, winning the final MM, with the first having been tied, 140's by Ian Darbyshire and Mark Alexander topped a bright Blackouts display, as they hit four play where they hurt, Alan Walker losing despite 140 in 5 high scores and an 18 dart leg.

At the bottom of the table Grabbers had an emphatic win over No Hoppers as the fortunes of the lower teams continue to fluctuate weekly. Two other players repeated 140's this week, Slingers Geoff Clark and Ron Finch of Absolutely.

This week's Mouchel Wednesday Darts League results are as follows:

Finlas Flyers (1) 4 Zero Up (3) 0

Mugs Away (1) 2 Nibblers (3) 2

Wearrapeel (3) 2 No Hoppers (3) 1

Soweto Slingers (2) 3.5 Absolutely (1) 4

Shower of Tossers (2) 2 Bulls Hitters (1) 6

Dinar Soarers (3) 4 Middle Easterners (1) 4

Has Beans (3) 1 Four Play (1) 2

Chuckers (1) 1 Grabbers (2) 2

Finlas Flyers (2) 2.5 Pacifics (3) 2

Equalisers (2) 2

Colombia's future in doubt

MIAMI, Feb 6, (UPI): The United States discovered at the Marlboro Cup of Miami it still has a long way to go before becoming competitive with the rest of the soccer world. Colombia, though, may face a longer road.

The future of Colombian soccer lies in doubt following death threats made against national coach Francisco Maturana and four leading players by a group of anti-drug terrorists.

A group calling itself Lifucol, an acronym translating to "Clean football in Colombia," left a tape at a Bogota radio station last week demanding Maturana purge the national roster of players from four clubs believed tied to drug cartels in Medellin and Cali.

The group seeks to eliminate players under contract to Atletico Nacional de Medellin, Independiente Medellin, America Cali and Millonarios of Bogota. That would mean nearly a complete shakeup of the national roster.

The group also made veiled death threats against Maturana and his family, as well as the families of players Rene Higuita, Luis Carlos Perez, Leonel Alvarez and John Jairo Trellies.

The Colombian Soccer Federation announced Sunday upon the team's return from Miami, officials would use a scheduled rest break to discuss the federation's course of action.

"On Tuesday, we will analyze the situation," Maturana said. "We will then make a decision as to the reality of the threats. But right here (in Miami), we have received no threats. So it is very difficult to analyze here."

Reports from Bogota indicate the federation may consider pulling out of the World Cup in Italy, where Colombia is one of the 24 nations in the field. Already, Maturana has stated that he may resign.

"I'm not asking for bodyguards," Maturana said after Colombia beat the US on penalty kicks in Sunday's consolation match. "But if the conditions are not right there for me to do the proper job, I will resign."

Maturana cancelled a scheduled trip to Los Angeles to return to Colombia, but the national team aims to meet its schedule of upcoming matches, including the Marlboro Cup of Los Angeles Feb 22.

Already, violence in Colombian soccer has resulted in the murder of a referee and the attempted assassination of the Millionarios club president.

Colombia's National League cancelled the rest of its season after the death of official Alvaro Ortega. Lifucol already has claimed responsibility for the attempted assassination of Millionarios president German Gomez, who was not seriously wounded but resigned two days later.

The problems of the US team are small by comparison, but it did little to indicate it is better than the 1,500-to-one shot odds makers have established.

The team's inexperience shone through in both games. It showed little creativity in the opener against Costa Rica, then failed to solve Colombia's offside trap and gave up a goal on a rare goalkeeper mistake Sunday.

However, US coach Bob Gansler was buoyed by his team playing Colombia to a 1-1 draw before losing 9-8 on penalty kicks.

Gansler spent much of his time shuffling alignments, trying to find the right combinations.

Hugo Perez, Paul Caligiuri and Bruce Murray were shuttled between midfield and forward. Sunday, Gansler turned to younger players, giving starting berths to striker Eric Wynalda, who scored his first international goal, sweeper Marcelo Balboa and goalkeeper Kasey Keller.



UAE players celebrate their qualification for the World Cup finals.

team in preparation for the finals. His team will play two friendlies against Egypt, Denmark and the Soviet Union in the UAE and then take part in the Gulf Cup championship in Kuwait between Feb 20 and March 9.

UAE realistic about Cup finals debut

ABU DHABI, Feb 6, (Reuters): The United Arab Emirates, whose football association was founded only 19 years ago, will not be expecting to progress beyond the opening round when they make their first appearance in the World Cup finals in June.

Lack of major international experience and an unexpected change of coaching staff in January, when Brazilian Mario Zagalo was dismissed and replaced by Polish coach Bernard Blaut, promise little more than brave resistance against West Germany, Yugoslavia and Colombia in Italy.

"We have to be realistic," said Blaut. "The UAE is not very experienced. It is going to be very difficult to achieve any victory."

The UAE have achieved their greatest soccer ambition by claiming a place in the finals 50 years after soccer was first introduced by the British on sand pitches along the then Trucial coast of the Gulf.

Although lush green grass pitches now dot the seven emirates that make up the UAE as a result of the oil boom in the 1980s, there is little optimism among local soccer observers that the UAE can

cause any upsets in the finals. Soccer has made significant strides in recent years in the UAE where it has to compete with boat and camel racing as the major sporting attraction.

The national team received a heroes' welcome when they returned home last November from Singapore after clinching a trip to Italy from the final phase of the Asian qualifying tournament.

The players were well rewarded. They received cash and other prizes, including free airline tickets for several years, for qualifying.

It was not a happy ending however for Zagalo, the great Brazilian who was involved in all three of Brazil's World Cup triumphs as a player and as a coach. He was dismissed in January after upsetting the UAE administration with comment attributed to his interviews published abroad.

Blaut, 50, formerly assistant coach to the Polish national team during their last three World Cup campaigns, was brought in as a replacement and he began quickly to work on the five-month training plans for the

The Gulf Cup will pit the UAE against Oman, Kuwait, Iraq, Qatar, Bahrain and Saudi Arabia. It will be very good experience of the sort of tight schedule which faces all the competing nations in the World Cup finals.

A second phase training and match programme, covering the March-June period, will be announced after the Gulf Cup.

The UAE's hopes suffered a blow last November when 22-year-old midfielder Abdul Razak Ibrahim, one of the most accomplished players in the squad, was suspended for a year by FIFA for a scuffle with a Belgian player during a military match.

"The team is not just one player," said Blaut. "But unfortunately we are deprived of a very good player."

Despite the loss of Ibrahim and their obvious lack of big tournament experience, the players are not pessimistic.

Defender Issa Meer said: "I don't say we will make miracles. Yet we are not going to Italy just to defend, but to play football. And if there is an opportunity to win, we will grab it."



Van Basten: World's Best Player

Mateut gets Golden Boot

Van Basten also honoured

COLOGNE, West Germany, Feb 6, (Reuters): Romanian striker Dorin Mateut was presented with the annual Golden Boot trophy as the top European goalscorer of the year at a special gala ceremony yesterday.

Mateut scored 43 goals for Dinamo Bucharest last season to take the trophy ahead of compatriot Marcel Coras of Victoria Bucharest (36) and Atletico Madrid's Brazilian Baltazar (35).

Italy's European Cup winners AC Milan were also honoured as club of the season, their injured Dutch star Ruud Gullit collecting the trophy. His national and club colleague Marco van Basten was honoured as the World's best player.

The ceremony, sponsored by French magazine France Football and the West German sports equipment firm Adidas, was switched from France to West Germany for the first time this year.

Gloves caused title defeat, says manager

PARIS, Feb 6, (Reuters): French boxer Jean-Maurice Chaneil's manager denied yesterday that his fighter had a suspicious substance on his gloves when he won the European heavyweight title on Saturday from Britain's Derek Williams, saying the allegations were "scandalous."

"The gloves were as normal as could be," trainer Jacques Milani said. "I'm saddened to hear this sort of thing."

Williams' manager Mike Barrett earlier called for an investigation into the title fight, saying the British boxer had complained of stinging eyes and could not see properly during the fight.

Barrett said he believed Williams had either been affected by dye or poison from Chaneil's gloves.

Williams collapsed and was taken to hospital after losing to Chaneil on points.

"I saw Barrett running around the ring shouting... but Williams lost, and that's all there is to be said," Milani said. "Camphor oil and vaseline are the only substances I use during fights. On the gloves, of course, there was nothing."

A doctor at the hospital in St Didier, France, said Williams was swiftly discharged as he was not suffering from any serious complaint.

Barrett said earlier yesterday that Williams "was more frightened than he had ever been in his life. He thought he might die."

"Derek almost won the fight in the first round, but when he came back to the corner he said his eyes were burning and he couldn't see properly. The circumstances are extremely suspicious."

Barrett added that he wanted an inquiry and he also wanted the European Boxing Union to call a rematch.

Al Thani makes emergency landing

By Jim Gilechrist
on board Dubai Victory

CORFU, Greece: A freak mechanical failure ruined a perfect start by Dubai Victory, the Emirates-sponsored aircraft, in the world's longest air race.

Two failed vacuum pumps caused total instrument failure on board the Cessna 310 flown by Qatar's Sheikh Hamad Ali Jabor Al Thani and we were forced to make an emergency landing on the island of Corfu.

Frantic efforts were made in Athens and Paris to get Dubai Victory back in the Paris-Langkawi-Paris International Air Race as soon as possible. Spare parts were flown out from Paris and we are scheduled to resume the race and join up with the other 12 competitors in Bahrain early on Wednesday.

Sheikh Hamad was bitterly disappointed following the setback during the first leg from Paris to Bahrain on Monday night.

"Everything was going well, the weather was excellent and we were making good time after taking a short cut over the Alps, so this is a real disappointment," he said. "I've never heard of anything like this in all my years of flying."

Captain Hamad, the only Arab to fly solo around the world, made a perfect emergency landing and we were forced to spend Monday night in Corfu.

"We could handle the first pump failure, but it was just too dangerous to continue without instruments, especially with darkness just a few minutes away," said Saudi Arabian co-pilot Mohammed Al Amir.

It was a cruel end to a day which started so well. The first leg of the 25,000 km race began in perfect weather conditions as we took off from Toulouse-le-Noble on the outskirts of Paris.

After heading south-east over the French countryside at a speed of 150 knots, it wasn't long before we came across our first major obstacle — the Alps. From 7,000 ft, Captain Hamad climbed to 17,500 ft to cross the range. Because the air inside the cabin was so thin, we had to suck on a special supply of oxygen to stay alert.

We then descended into Northern Italy and were greeted by the Mediterranean and warm sunshine as we skirted Genoa on the Italian east coast. Italy eventually disappeared behind our tail and Greek air traffic controllers kept us right on course until the instrument failure resulted in our unexpected stay in Corfu.

Sri Lankans triumph easily

PERTH, Australia, Feb 6, (Reuters): Sri Lanka beat a Western Australian Country XI by 63 runs in their one-day cricket match today, with Aravinda de Silva making a masterly 96.

The visitors put together 173 off 38 overs, while country made just 110 in 35 overs. Asoka de Silva (32) was the only other Sri Lankan to reach double figures.

Fast bowler Miles Obst troubled the tourists with some early bounce and finished with two for 23. Of the local batsmen, Peter Shioe made 29 and Mike Knuckey 22.

Scores: Sri Lanka 173 (38 overs), Country XI 110 (35 overs).

Desert Orchid may take part in Aintree Grand National

LIVERPOOL, England, Feb 6, (Reuters): Britain's favourite moosehorse Desert Orchid may be in the line-up for the Grand National at Aintree on April 7, his trainer said today.

The grey has been given top weight of 12st 2lbs (77.1 kg) by handicapper Christopher Mordaunt.

Trainer David Elsworth, told of the news, laughed and said: "That's the first winner I've backed this year. It is exactly what I

predicted, and as far as I'm concerned hopes are still alive that 'Dessie' will run in the National."

"It's a racing weight. If he had been given 12st 6lbs (79 kg) or more then we would have banged the idea of running on the head right away. But now there is more of a possibility he will take his chance."

Elsworth stressed that no decision will be taken on 'Dessie's' participation until after

the 11-year-old has tried to retain his Cheltenham Gold Cup crown on March 15.

There have been fears that there would be an angry outcry from the racing public if the grey was asked to jump around the 30 daunting Aintree fences.

But with Becher's Brook and two other obstacles modified following the death of two horses last year, there is every chance that Desert Orchid, a bold front-runner,

would stay out of trouble.

London bookmakers installed Desert Orchid as a 10-1 favourite soon after the weights were published today.

Last year's winner Little Polveir has retired but the eight who followed him home have entered again.

The handicapper has given 1987 Gold Cup winner The Thinker, third in National last year, joint second top weight with 11st

9lbs (74 kg).

The Thinker (a 20-1 chance) is on the same mark as Welsh Grand National winner Bonanza Boy (14-1), trained by record-breaking Martin Pipe, and the likely mount of champion jockey Peter Scudamore.

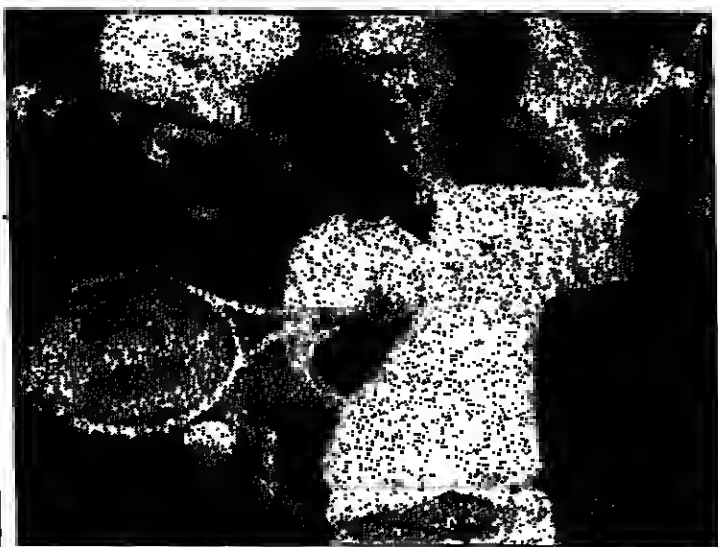
West Tip, National winner in 1986 but now a 13-year-old, has been set to carry 10st 11lbs (68.4 kg).

American challenger Uncle Mordaunt was the Maryland Hunt Cup last April and is bidding to follow the same path as 1980 winner Ben Nevis.

He has been given 8st 13lbs (56.7 kg) by Mordaunt, who explained: "I may be training American form by giving him this weight, but I felt I could do no more than rate him on the form of his three runs here."

Agassi outplays Krishnan

Van Rensburg beats Davis



Agassi, feeling good again

SAN FRANCISCO, Feb 6, (AP): Andre Agassi, coming off a six-week training period in Florida, describes himself as "physically and spiritually renewed" as a tennis player.

"I closed off about February last year," he recalled last night after a 6-2, 6-7, 6-0 victory over India's Ramesh Krishnan in his first tournament match of 1990, at the \$225,000 Volvo San Francisco event.

"At the end of the match, I was just getting started. I could have gone another five sets," Agassi said.

He is seeded second in the tournament, behind Brad Gilbert. Christo Van Rensburg, seeded fourth, won his first-round match against Marty Davis, 6-4, 6-7, 6-3. Other winners included No. 6 Scott Davis,

No. 8 Paul Annacoe, Jimmy Arias and Dan Goldie.

Gilbert was to open play this evening, facing Gary Muller of South Africa.

Agassi said the 1989 season "fried" him, and his singles ranking fell to No. 8 from a glorious No. 3 the year before when he was just 17 and America's brightest tennis hope.

On court, his results were poor, and his flashy off-court behaviour was criticised by some. It bothered him and he couldn't keep his mind on his tennis, he says.

For the last six weeks in Florida, Agassi said, "I lifted weights, did long distance running and even stretching. I have been disciplining myself and growing up. I renewed myself. 'I haven't felt this good since

the 1988 US Open."

He was a semifinalist in that open.

"I wasn't born with the size and the strength," the 5-foot-11, (180-centimetre) 155-pound (70-kilogramme) player said. "But I am getting stronger."

Gilbert and Agassi are the only two players receiving appearance money under new ATP rules, tournament director Barry MacKay said. On-site prize money is \$225,000, but total distributions are \$445,000.

Some players are not satisfied with the new Association of Tennis Professionals (ATP) system. Annacoe suggested after his match that the tournament should be billed as a \$445,000 event, not \$225,000, to include "the under the table" payments.

Sweden's luck ran out in Cup: Wilander

STOCKHOLM, Feb 6, (Reuters): Sweden, shock losers to Italy in their Davis Cup tennis world group first round tie, had finally run out of luck, Mats Wilander said today.

The result put Sweden, finalists for seven years running and champions four times, out of the cup in the first round for the first time since the World Group was adopted in 1981.

"This only shows that all Davis Cup ties are incredibly tough," said the former world number one who lost to Paolo Canne yesterday in five sets.

"We have been lucky for years. Now it was our turn to lose," he told the Stockholm daily Aftonbladet.

Swedish on-playing captain Jontie Sjogren was philosophical about the 3-2 defeat but he complimented the Italians.

"I am very disappointed, but we lost to a better team," he said after the first round tie in Cagliari, Sardinia.

"My players have done well here, and I can blame nobody. The Italians have shown incredible fighting spirit."

"This is not the end for Swedish tennis. We should be in the World Group next year too," Sjogren said.

The Swedish media generally attributed the result to burnout among the Swedish players and to the Italian fighting spirit, although some questioned the wisdom of allowing Stefan Edberg to miss the opening round.

"To open the Davis Cup without your best players was bound to backfire sooner or later," said the daily Dagbladet Nyheter.

World number three Stefan Edberg asked to be dropped a



Mats Wilander

week before retiring hurt in the Australian Open final, making it the sixth straight year that Sweden had failed to field their best team for the first round of the Davis Cup.

The Spanish Tennis Federation today rejected a resignation offer by the country's Davis Cup team coach Manuel Orantes and said he would serve out the remaining two years of his contract.

Orantes offered to resign after Spain lost 3-2 to Austria in their World Group first round tie at the weekend.

The federation said in a statement that Orantes, who had complained his team lacked discipline, would lead Spain's Davis Cup campaign next year and would be encouraged to stamp his authority on the team.

Before the tie, Orantes complained that both Emilio and Javier Sanchez and Sergio Casal ignored his instructions to drop the doubles at the Australian Open and return home to train.

'Romanian sportsmen took drugs'

CONSTANTA, Romania, Feb 6, (Reuters): Some Romanian athletes took drugs to prepare for international competitions under the regime of deposed dictator Nicolae Ceausescu, Romanian Olympic gold medalist Ian Draica says.

But cases were few and he could not say which athletes were involved.

"Drugs could only be obtained from outside the country and cases were very few and I cannot cite any names," he said.

Draica, 32, won the gold medal in Greco-Roman wrestling at the Los Angeles Olympics in 1984 and was world champion in 1977, 1978 and 1981.

He said reports of drug-taking were perhaps more true of track and field and weightlifting events.

But at the same time sport in Romania was starved of funds and many sportsmen and women went hungry.

Sports scouts spotted Draica at the age of seven at school in Constanta and he began training two hours a day at the town's Farul Sports Club.

He was plucked from school when he was 13, as were most promising athletes in Romania, and was sent to a national sports camp in Poiana Brasov hundreds of kms from home.

"We had terrible conditions and hardly any food and no medicine. We knew we had to train doubly hard to be able to compete with the world's best."

Draica, with other wrestlers and track and field athletes in Poiana Brasov, trained three hours in the morning and two in the evening.

"My parents didn't mind, they knew where I was and were very proud. I returned home once every month to take tests at school to make sure I wasn't slipping behind in studies," he said.

"What spurred us on most was the fact we could travel and meet people from around the world."

Now he hopes life will be easier for young athletes.

"Sport in this country can look forward to a better future with improved conditions for our boys and girls to compete in world championships," said Draica, who is president of one of Romania's top sports clubs in Constanta.

Ceausescu awarded him Romania's highest honour, "Hero of the Socialist Republic of Romania," as the country's best sportsman in 1977. Olympic medal-winning gymnast Nadia Comaneci was given the same award that year for the best sportsman.

"I met Ceausescu three times. He gave me a

cold handshake and never spoke," Draica said.

He said he and most other sportsmen had never received any special privileges from the Ceausescu government.

"But of course you would find it easy to get a nice house, a car and television because local people treated you as a personality."

As president of Constanta's Farul Club, Draica wants better training facilities and up-to-date equipment for thousands of youngsters all over Romania and hopes the ruling National Salvation Front will soon start providing sound funding for sport.

One of the gymnasts at his club was a member of the Romanian women's gymnast team which won the silver medal at the Seoul Olympics in 1988.

The Constanta rugby team which helps train have exchange matches with teams in Britain and one team visited London and Cardiff in December.

Some of the weightlifters and canoeists at the club should be good enough to compete in European contests and in the Barcelona Olympics in 1992, he said.

"Our sportsmen and women will soon have a much better life and so our performance will be better too," he said.

E. Germans to disclose secrets

BONN, Feb 6, (Reuters): East Germany has agreed to disclose to West German experts the scientific secrets which have consistently produced world-class athletes, as the two states continue to merge their sporting worlds.

Sports officials said today that East German scientists, forced under communist rule to keep their findings strictly under lock and key, will swap notes with West Germans under a new deal between the states' two main sports science centres.

Leipzig college, the boiler room behind East Germany's international success, will sign a deal on Friday to work closely with Cologne Sports Univer-

sity (DSHS), one of the biggest in Western Europe.

DSHS head August Kirsch said.

"East German research was not allowed to be published before," said Kirsch, who is also president of West Germany's Athletic Federation.

"The new deal, involving an exchange of personnel and information, should allow their scientists to publish their research in the West like everyone else," he told Reuters.

Scientists and doctors from the two colleges would make exchange visits and the two bodies would discuss ways of combining research and development, Kirsch said.

Quaid-e-Azam Trophy

KIFCO will meet Evergreen in the final of the Quaid-e-Azam Trophy cricket tournament, sponsored and organised by the Kuwait Cricket League (KCL), at the Sabah Al Salem Area KCL ground on Friday February 9.

Umpires for New Pak and Starlite will supervise the match.

The match will start at 9 am and it will be a 45-over full day affair. Pakistan Ambassador Zahid Saeed will be the chief guest and give away the prizes.

Platini blamed for Boniperti's resignation

ROME, Feb 6, (Reuters): The surprise resignation of Juventus president Gianpiero Boniperti was being blamed by the Italian media today on the heavy criticism of him by French team coach Michel Platini.

Boniperti, under whose guidance Juventus won major honours throughout the 1970s and 1980s, resigned yesterday, the day after Platini attacked him in a Turin newspaper for wasting the club's money on signing ineffective players.

Juventus, owned by Gianni Agnelli, won nine Italian championships, the UEFA Cup, the Cup Winners' Cup, the European Champions' Cup and the Intercontinental Cup under Boniperti. But they have not taken the championship since 1986.

Platini, a former Juventus star striker, said in a front-page interview in the Turin newspaper La Stampa, also owned by the Agnelli family, that Boniperti had wasted more than \$30 million of Agnelli money in recent years by signing the wrong players.

Italy's other leading newspapers were quick to blame Boniperti's resignation on Platini.

"Platini fires Boniperti," said the Rome newspaper Il Tempo.

"It's all the fault of the stress caused by Platini," headlined Milan's Corriere Della Sera

newspaper.

Il Corriere Dello Sport said Boniperti made his decision after Agnelli refused to intervene with his support when Platini launched his harsh criticism.

Boniperti, who is to be made an elite honorary president, said: "There is no doubt that Platini was a great soccer player but as a manager, at least at the moment, he can't teach me anything."

In Spain, Real Madrid's leading challengers have all but given up hope of dethroning the champions and there is already media speculation that the coaches at Barcelona and Atletico Madrid will be replaced next season.

Barcelona's Dutch star Ronald Koeman, whose side lost ground in the championship race when beaten at Castellon on Sunday, has already written off their chances of winning the title.

He said there was little hope of Barcelona closing the six point gap on Real, and the Spanish Cup offered their only opportunity of glory this season.

Javier Clemente, coach of Real's city rivals Atletico Madrid who dropped to fourth place in the League also six points behind Real following their defeat in Seville, was not so despondent.

"It seems absurd to throw the towel in," he said. "We are fine in the League, and are fighting a good campaign."

But Jesus Gil, president of



Platini under fire from the press

Atletico who have been eliminated from the UEFA and Spanish Cups, was inconsolable at their League position and hinted that Clemente's future was in doubt.

"I am very disappointed with this season and this is a period of natural and logical reflection," said Gil, adding he would not

make a decision on Clemente until March.

Barcelona coach Johan Cruyff's position is also uncertain, with newspapers reporting that the Catalan club's president was talking to former coach Luis Aragones about a possible return to the post he occupied in the 1987-88 season.

In the Netherlands, Dutch

champions PSV Eindhoven have encountered more dressing room dissent with Daoish international defender Ivan Nielsen saying he has played his last game for the club.

Nielsen, left out of the side 10 days ago, is refusing to speak to coach Guus Hiddink and is to have discussions with PSV general manager Kees Ploegman later this week.

PSV are in a state of disarray following personality clashes which have split the dressing room and seen performances taking a nosedive — a worrying prospect as they battle to clinch their fifth consecutive title and face a crunch European Cup tie with West Germany's Bayern Munich next month.

Marseille's bid to regain their French League title has not been helped by West German stopper Karl-Heinz Foerster's injury problems.

Foerster was to visit a Paris specialist today to determine whether he needs another operation for a hairline fracture of the foot, an injury he sustained early in the season.

Without him, Marseille's defence has conceded 22 goals this season, twice as many as title rivals Bordeaux who lead the League by three points.

The club said Foerster was unlikely to be back in action until April.

Robson sees specialist for treatment

LONDON, Feb 6, (Reuters): England captain Bryan Robson, who has not played soccer for six weeks due to a groin strain, travelled to London today for specialist treatment after his injury flared up again in a training session.

The Manchester United midfielder, who has not played for his club for nine games and appears unlikely to be fit for England's next World Cup warm-up against Brazil at Wembley on March 28, limped out of a practice match without hitting a ball.

United manager Alex Ferguson, whose troubled club is now one point away from the relegation zone, said: "He just tried one pass of the ball with the outside of his foot and then walked off. It's a big mystery to us all."

He added: "It is a terrific blow to us. We have got to get him sorted out rapidly for our own purposes."

"At the moment I am not concerned with England. The World Cup is not an issue until the summer."



Bryan Robson

Zurbriggen wins

COURMAYEUR, Italy, Feb 6, (AP): World Cup leader Pirmin Zurbriggen of Switzerland today won a men's Super-Giant Slalom race in this Italian alpine resort and extended his advantage in the overall standings.

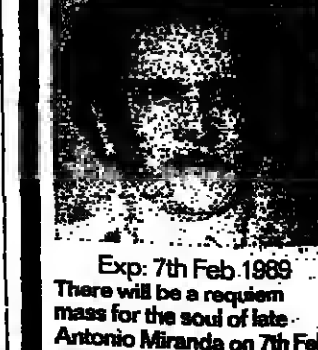
Zurbriggen, 27, captured his third victory this season — the 28th world cup race of his career.

The Swiss ace, who will retire next month, skied the 2,400 metre long Chevril course in 1:21.99 minutes, 0.78 second.

1st Death Anniversary

You, always gave
You, never asked
Your memory will
Remain forever...

ANTONIO (TONY)
MIRANDA



Exp: 7th Feb 1989
There will be a requiem mass for the soul of late Antonio Miranda on 7th Feb 1990 at 6.30 pm, Holy Family Cathedral, Church, Kuwait

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